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CONTENTS

PEOPLE'S REPUBLIC OF CHINA

INTERNATIONAL AFFAIRS

|   |    |
|---|----|
| PRC Journal Discusses Western Economic 'Crisis'<br>(Xie Yao; GUOJI WENTI YANJIU, Jan 83)..... | 1  |
| UN Official on Combating Racism Ends PRC Visit<br>(XINHUA, 4 May 83).....                     | 14 |
| U.S. Congress Increases Military Aid to Israel<br>(XINHUA, 11 May 83).....                    | 15 |
| U.S. Papers Say More SS-20's in Siberia<br>(XINHUA, 9 May 83).....                            | 16 |
| GDR's Honecker Raps U.S. Missile Policy in Europe<br>(XINHUA, 20 May 83).....                 | 17 |
| U.S. House Committee Opposes Nicaragua Policy<br>(XINHUA, 4 May 83).....                      | 18 |
| PLA's He Zhengwen Fetes Venezuelan General 4 May<br>(XINHUA, 4 May 83).....                   | 19 |
| Venezuelan General Fetes PLA's He Zhengwen 7 May<br>(XINHUA, 7 May 83).....                   | 20 |
| Yang Dezhi Meets, Fetes Venezuelan General 5 May<br>(XINHAU, 5 May 83).....                   | 21 |

|  |    |
|--|----|
| Ji Pengfei Meets Ecuadorean Delegation<br>(XINHUA, 6 May 83).....                          | 22 |
| UN Hears Nicaraguan Complaint Against U.S.<br>(XINHUA, 17 May 83).....                     | 23 |
| PRC Journal on East European Economies<br>(Chen Pingling; QUOJI WENTI YANJIU, Apr 83)..... | 24 |
| Ceausescu Stresses Independent Foreign Policy<br>(XINHUA, 14 May 83).....                  | 40 |
| Central European Disarmament Talks Begin<br>(XINHUA, 20 May 83).....                       | 41 |
| Turkey, Romania To Explore Balkan Summit<br>(XINHUA, 23 May 83).....                       | 42 |
| 'MILLIYET' Says U.S. To Strengthen Turkish Airbase<br>(XINHUA, 23 May 83).....             | 44 |
| French Assembly Adopts 5-Year Military Budget<br>(XINHUA, 20 May 83).....                  | 45 |
| Socialist Leaders End Paris Economic Meeting<br>(XINHUA, 20 May 83).....                   | 47 |
| USSR Trade Minister Concludes Visit to Italy<br>(XINHUA, 19 May 83).....                   | 48 |
| Fatah Announces Major Personnel Changes<br>(XINHUA, 22 May 83).....                        | 50 |
| Algeria Opposed to Israel-Lebanon Withdrawal Pact<br>(XINHUA, 18 May 83).....              | 51 |
| Egypt Welcomes Israel-Lebanon Withdrawal Accord<br>(XINHUA, 18 May 83).....                | 52 |
| Sudan Supports Israeli-Lebanese Accord<br>(XINHUA, 19 May 83).....                         | 53 |
| Syria To Block Israel-Lebanon Agreement<br>(XINHUA, 21 May 83).....                        | 54 |
| Sudanese President on Economy, PRC Ties<br>(XINHUA, 23 May 83).....                        | 55 |

|   |    |
|---|----|
| Kenya's Moi Says 19th OAU Summit on Schedule<br>(XINHUA, 23 May 83).....                                  | 57 |
| DPRK's Ten Day Movement for Independence, Democracy<br>(Beijing Radio, 20 May 83).....                    | 58 |
| 'PAKISTAN TIMES' Reports Afghan Guerrilla Attacks<br>(XINHUA, 20 May 83).....                             | 59 |
| Briefs  |    |
| Senegalese, Syrian Delegations  | 60 |
| ANC President to PRC, DPRK  | 60 |
| Syria Refuses Habib Discussion  | 60 |
| PARTY AND STATE   |    |
| Need for Reform, Innovation in Today's China Argued<br>(DAZHONG RIBAO, 23 Mar 83).....                    | 61 |
| Party Members Prepare for Party Rectification<br>(Guo Xuan; RENMIN RIBAO, 11 Apr 83).....                 | 63 |
| Key To Selecting Capable Personnel Described<br>(Bing Yan; HEBEI RIBAO, 1 Apr 83).....                    | 65 |
| New Work Style, New Methods Described<br>(RENMIN RIBAO, 16 Apr 83).....                                   | 67 |
| 'BEIJING REVIEW' on Spiritual Civilization<br>(Pang Yongjie, Li Shanquan; BEIJING REVIEW, 2 May 83)       | 70 |
| Heilongjiang CPPCC Committee Resolution Described<br>(HEILONGJIANG RIBAO, 26 Jan 83).....                 | 75 |
| Individual Responsibility System Being Implemented<br>(Hu Yufa, He Rongde; DAZHONG RIBAO, 11 Mar 83)..... | 80 |
| Corruption in Housing Management Openly Rebuked<br>(DAZHONG RIBAO, 22 Mar 83) .....                       | 82 |
| Hubei Makes Progress in Fighting Economic Crimes<br>(Liu Heng; RENMIN RIBAO, 9 Apr 83).....               | 84 |
| County Party Committee Secretary Disciplined<br>(NANFANG RIBAO, 25 Mar 83).....                           | 85 |
| Anhui's Wuhe County Prepares for Party Rectification<br>(Jiang Zhimin; RENMIN RIBAO, 11 Apr 83).....      | 88 |
| Democratic Consultative Conference Held in Guangdong<br>(NANFANG RIBAO, 1 Apr 83).....                    | 89 |

|  |     |
|--|-----|
| New Governments Formed in 4 Minority Regions<br>(XINHUA, 29 Mar 83).....   | 92  |
| New Provincial People's Governments Established<br>(XINHUA, 29 Apr 83).....  | 93  |
| Benefits of Public Security Responsibility System Lauded<br>(Li Liang, et al.; NANFANG RIBAO, 28 Mar 83).....                | 94  |
| Political, Educational Importance of Academic Journals<br>Expounded<br>(He Shujiu; SHENYANG SHIFAN XUEYUAN XUEBAO, Mar 83).. | 96  |
| Ba Yi Calls for Fighting U.S. Imperialism<br>(Ba Yi Radio, 11 May 83).....   | 101 |
| PRC TV Starts French Language Course Oct 1984<br>(Beijing Domestic Television Service, 6 May 83).....                        | 103 |
| SOCIOLOGICAL, EDUCATION AND CULTURE  |     |
| Persistence of Leftist Thinking at Hunan University Hit<br>(GUANGMING RIBAO, 23 Feb 83).....                                 | 104 |
| Intellectuals Encouraged To Work in Remote Mountains<br>(GUANGMING RIBAO, 23 Feb 83).....                                    | 107 |
| Jilin Intellectuals Engage in Sparetime Translating Work<br>(YUNNAN RIBAO, 1 Feb 83).....                                    | 108 |
| Inefficient Use of Teachers at Beijing University Scored<br>(Yang Ruimin, Zhang Xuanguo; RENMIN RIBAO, 8 Apr 83)..           | 109 |
| Zheng Chenggong's Recovery of Taiwan Reviewed<br>(Shi Lianzhu; ZHONGYANG MINZU XUEYUAN XUEBAO,<br>15 Aug 82).....            | 113 |
| TAIWAN   |     |
| 'CHINA POST' on Asian Development Bank<br>(CHINA POST, 3 May 83).....  | 125 |
| Taipei Paper on ROK Handling of Hijacking<br>(CHINA POST, 10 May 83).....  | 127 |

|  |     |
|--|-----|
| Information Office Head Concludes Japan Tour |     |
| (CNA, 16 May 83).....                        | 129 |
| Briefs                                       |     |
| Brazilian Trade Mission Arrives              | 130 |
| Luxembourg Trade Mission Ends                | 130 |
| Pan Am Application Approved                  | 130 |



## INTERNATIONAL AFFAIRS

### PRC JOURNAL DISCUSSES WESTERN ECONOMIC 'CRISIS'

HK181433 Beijing GUOJI WENTI YANJIU in Chinese No 1, Jan 83 pp 11-18, 62

[Article by Xie Yao [6200 2565]: "Economic Trends in the West As Viewed From U.S. Economic Crisis"]

[Text] The current economic crisis in the West, which began in the United States in the late 1970's, has continued into the 1980's, and until now there have not been any obvious signs of its dying out in a short time. In its early stage, the overwhelming majority of observers in the West believed that it was a relatively mild and temporary recession triggered off by the impact of the second round of oil price increases. No one expected it to become so serious or to last so long. Since the beginning of this year, many politicians, economists and entrepreneurs in the West and in the Third World have become increasingly more pessimistic about the future developments of this crisis. Some of them even say that many phenomena currently found in the economy of the West are shockingly similar to those prevailing before the great crisis of the 1930's. What would be the future developments of the current crisis? Would it become a major crisis as serious as that of the 1930's? These questions should be conscientiously studied.

#### Several Characteristics of the Current Economic Crisis

The current crisis is the seventh post-war crisis, but the five crises before the 1970's were relatively mild. The reason is that after the great crisis of the 1930's and the two catastrophic world wars, the productive capability of the West was greatly undermined, so that for a considerable number of years after World War II, the demand for goods remained enormous, and consequently the contradictions inherent in the capitalist society were not as acute as before the war. Moreover, some factors were favorable for an upturn in the economy, for example, the general employment of the deficit budget by governments in the West to stimulate the economy, monetary stability, openness of trade, cheap energy resources, revolution in science and technology, and so on. These facts constituted the material basis of the prolonged and sustained economic boom in the West. However, early in the 1970's, these favorable factors began to give way to unfavorable ones. After many years of accumulation, the seriousness of overproduction reached unprecedented proportions. The sustained economic boom in the West had given way to a new stage of prolonged decline. The crisis of 1973-75 can be said to be the first serious cyclical

world economic crisis after the economy of the West had entered the stage of decline. The current crisis is the second one in this stage. At present, this crisis is still developing. However, in view of the current situation, we can initially compare it with the crisis of 1973-75. Although our comparison cannot be comprehensive, we can still point out several prominent characteristics.

First, the previous crisis (which in this article refers to the crisis of 1973-75), occurred when the economy of the West was in a stage of vigorous growth, and it was triggered off by the impact of the first round of oil price increases. Although the current crisis was similarly triggered off by the second round of oil price increases, however, when it broke out, the Western economy was not really in a stage of growth, but was basically in a situation of "stagflation," marked by the coexistence of inflation and sluggish growth. This was an important sign of the transit of the economy into a stage of prolonged decline. When the previous crisis ended, the United States enjoyed a more forceful recovery than either Europe or Japan. It outshone other countries because it adopted expansionary fiscal and monetary policies to stimulate the economy and because the great devaluations of the U.S. dollar led to a growth in its foreign trade. However, the economy of Western Europe suffered from sluggish growth for many years and could not really recover. In 1979-80, the economy of Western Europe began to take a favorable turn, but this was disrupted by the second round of oil price increases and the crisis in the United States, and sluggish growth again prevailed. This is the reason why, in the current crisis, the majority of European countries and Japan have not, till now, entered a stage of rapid decline, and the simultaneousness of decline is not as conspicuous as in the previous crisis. Nevertheless, the decline in output in Europe and Japan has accelerated recently, and if the crisis in America continues, it is very probable that a simultaneous decline will occur.

Second, considering the United States, which is presently the focus of the current crisis, its output continued to fall over a 16-month period in the previous crisis, the rate of decline being 15.3 percent. (US NEWS & WORLD REPORT, 23 Oct 1981) This was the most drastic decline among various post-war crises. However, in the current crisis, there have been 2 rapid declines in output, the first lasting 6 months from February to July 1980, at a rate of 8.6 percent, and the second lasting 15 months from August 1981 to October 1982, at a rate of 11.4 percent. (ASSOCIATED PRESS dispatch from Washington, 16 Nov 1982) The 2 declines together lasted 21 months. Prior to the current crisis, the U.S. Index of Industrial Output reached a peak of 153 (against the basic figure of 100 in 1967) in March 1979. From that time to October 1982 there was a period during which the index reached 153.9 in July 1981, and was below the March 1979 figure for all the other 42 months. (See relevant issues of BUSINESS CONDITIONS DIGEST, issued by the U.S. Commerce Department) Until now, the fall in real GNP has not been as great as in the previous crisis, but expressed in constant dollars, the GNP figure for the third quarter of 1982 was even lower than the figure for the third quarter of 1979. This means that no real growth had been achieved over those 3 years. (INTERNATIONAL HERALD TRIBUNE, 21 Oct 1982) Therefore, although until now the fall in industrial output and real GNP in the current crisis has not been as great as in the

previous crisis, the duration of the decline and stagnation in production has been unprecedented compared with previous postwar cycles. Moreover, because the crisis has not yet ended, it is presently impossible to say definitely whether the fall in output will be smaller than in the previous crisis. Therefore, even now, it is impossible to assert that the damage done to production by the current crisis is not as serious as that done by the previous one.

Third, the gravity of the disruptive effects of the current crisis on the economy can also be discerned from the figures of unemployment, and bankruptcies of enterprises. From March 1982 on, the unemployment rate in the United States was above 9 percent for 8 months on end, and from September on it remained a double-digit figure for 2 consecutive months, a situation which had not occurred for 42 years. In comparison, in the previous crisis, the unemployment rate barely reached 9 percent only in the month of May 1975. It is generally estimated that even if the slump has already hit the bottom, the unemployment rate will rise further. The situation is even worse in Western Europe. Just before the previous crisis, the unemployment rate in Western Europe was much lower than in the United States, but in the recovery stage it still continued to rise. In the EEC, the unemployment rate rose almost without interruption from 3 percent in 1973 to 9.8 percent in September 1982. During this period, the unemployment rate in West Germany soared from 0.9 percent to 7.9 percent. (INTERNATIONAL HERALD TRIBUNE, 5 Nov 1982) By the end of September 1982, the number of enterprises which went bankrupt reached 18,572, exceeding the annual total of 17,040 for 1981, and far exceeding the peak of 11,432 in 1975 in the previous crisis. In the current crisis, not only has a very large number of enterprises gone bankrupt, but many large enterprises were among them, and an even larger number of big companies are on the verge of bankruptcy. In Europe and Japan, although the present situation is better than in the United States, the number of enterprises which have gone bankrupt exceeds the figure for the previous crisis, and is continuously increasing too, and many large enterprises have also gone bankrupt. This fully demonstrates that the current crisis is a heavier blow to companies than the previous one. Not only medium-sized and small businesses, but even large ones have been affected; in particular, those large enterprises in declining industrial sectors.

Fourth, many signs have revealed that in the current crisis, the prospects of investment in fixed capital assets are even bleaker than in the previous one. According to past experience, in a crisis, the investment cycle generally lags slightly behind the overall economic cycle, but in the current crisis, the delay is of a particularly long duration. The Moran Bank of the United States has tabulated the changes associated with investment cycles in various postwar economic cycles. (Morgan Guaranty Trust Company's MONTHLY ECONOMIC DIGEST, August 1982 issue)

Below is the table entitled "Percentage Changes Associated With Investment Cycles in the United States in Various Postwar Crises":

| <u>Cycle</u>   | <u>I</u> | <u>II</u> | <u>III</u> | <u>IV</u> |
|--|----------|-----------|------------|-----------|
| 1953-54  | -3.9     | 9.9       | 19.2       | 0         |
| 1957-58  | -14.4    | 12.9      | 14.9       | 2         |
| 1960-61  | -3.8     | 7.4       | 10.1       | 1         |
| 1969-70  | -6.9     | 3.0       | 15.3       | 0         |
| 1973-75  | -16.3    | 5.3       | 17.8       | 1         |
| 1st decline in present crisis                        | -6.8     | 4.7       | 3.6        | 0         |
| 2nd decline in present crisis<br>(estimated figures) | -10.2    | 2.5       | -          | 4         |

(Column I shows the percentage change in investment from peak to trough; Column II shows the percentage change four quarters after the passage of the trough associated with the crisis; Column III shows the percentage change eight quarters after the passage of the trough year of the crisis; and Column IV shows the number of quarters by which the trough of the investment cycle lags behind the trough of the overall crisis.)

This piece of information shows that during the second decline of the current crisis in the United States, the trough of the investment cycle could lag behind that of the overall crisis by four quarters. In other words, after the current crisis has hit the trough, investment would still continue to drop for a year before the trough of its own cycle is reached. Moreover, this estimate by the Morgan Bank is based on information from a survey conducted by the Commerce Department in May 1982, but the findings of a survey conducted in the fall of 1982 turn out to be much more discouraging than this estimate, while recent surveys conducted by information collection firms have yielded even more discouraging findings than those of the Commerce Department. (BUSINESS WEEK, 8 Nov 1982) Therefore, the above estimate by the Morgan Bank is possibly biased downward.

Thus, it can be seen that up to the present time, the particularly small drop in investment is not a favorable factor in the current crisis and one cannot be optimistic about future investment. Actually, in the current crisis, the fall in investment began particularly late and a real decline in investment has just started. Probably, the decline in investment will be most forceful precisely when the economy is approaching the trough of the crisis and is going to enter the stage of recovery. Now, many economists in the West believe that in the current crisis, the decline in investment will be more drastic than in the previous crisis. Marx said that investment in fixed capital assets is the material basis of the capitalist economic cycles. This point alone is

sufficient to verify that the gravity of the current crisis will definitely not rank below that of the previous one.

Fifth, in the current crisis, because of serious inflation, the major industrial countries of the West, particularly the United States, cannot try to stimulate the economy by loosening credit, lowering interest rates and lavishly issuing money, as in the previous crisis. On the contrary, they are forced to adopt contractionary measures such as tightening credit, raising interest rates and so on to further restrain the economy in a time of crisis. In 1981, when Reagan became president, he made a patchwork of easy fiscal policy, mainly characterized by tax reduction, advocated by the supply-side economists; tight monetary policy, mainly characterized by controlling the quantity of money, advocated by the monetarists; counter-inflationary policy, mainly characterized by tightening budgetary expenditure, advocated by the old conservative economists (Burns, Greenspan and so on); and the measure of increasing military expenditure, which he advocated himself. He called this patchwork a "economy recovery plan." The result was a combination of huge budgetary deficits and high interest rates which were unprecedented in American history, which put an end to the economic recovery of 1981, and which triggered off the second decline of the current crisis. In the course of the crisis, governments not only refrain from stimulating the economy, but basically adopt contractionary policies to restrain economic activities. This is a new phenomenon not observable in previous postwar crises, and is a new characteristic of the current crisis.

Sixth, in the current crisis, the reduction in the inflation rate is particularly considerable, and a new situation of so-called "disinflation" has even occurred. ("Disinflation" means that the inflation rate has fallen to a relatively tolerable level of 3 to 3.5 percent per year. If commodity prices fall, the situation is called "depression," not "disinflation.") From February to May 1982, the inflation rate in the United States fell to 3 to 4 percent per year and indices of wholesale prices and manufactured-goods prices basically remained unchanged. In March prices of consumer goods even fell for a time. On the one hand, such a situation is due to the Reagan administration's tight monetary policy, high interest rates, cuts in oil and raw material prices and the economic slump; but on the other hand, it is due to overproduction, the relative contraction of the people's purchasing power, fiercer market competition and impracticality of raising prices. It reflects the very serious overproduction which occurs when the economy of the West has entered a stage of prolonged decline. Businesses suffer from higher production costs but it is impractical to raise the prices of their products. In some cases, product prices even drop. High interest rates have led to drastic increases in the amount of principal plus interest payable by companies. The book value of inventories has dropped. Consequently, the enterprises' profits have plummeted, to an extent greatly exceeding the fall in the previous crisis, so that they suffer from an acute shortage of circulating funds. Many enterprises have gone bankrupt or are on the verge of bankruptcy. Banks are facing increasingly bigger risks of having to write off bad debts. Thus a crisis of confidence may affect the banking industry. This situation, coupled with a crisis in the international loan market, has resulted in great turbulence in the international finance market, which is unprecedented since postwar years.

Such a grave overall situation has made many people really worried in the Western political, economic and business circles, for the first time since postwar years, about the practical possibility of the appearance of a major global financial storm, which would make the current crisis more highly explosive than previous crises.

Last, a change in industrial structure, which began to crop up in the previous crisis and which is unfavorable to the economy of the West, is developing on a full scale in the current crisis. In Europe and the United States, certain industries have been declining, such as car production, agricultural machinery, building equipment, building materials, domestic electrical appliances, iron and steel, nonferrous metals, shipbuilding, civil aviation, forestry, paper-making, textiles and so on. Now, in the current crisis, high interest rates and competition from abroad have plunged these industries into an ever-worsening plight. Some large enterprises in these industries have gone bankrupt or are on the brink of bankruptcy. In the current crisis, this structural change is particularly detrimental to basic industries and will have far-reaching harmful effects on future investment and employment. The Morgan Bank even expresses worry over the possibility that if this situation continues, the foundation of United States industry could be undermined, and its capability in arms production as well as the quality of its arms would ultimately be affected. A more serious problem is that this unfavorable change in the industrial structure is integrated with the crises in the building industry, in the real estate sector and in agriculture, reminding one of the circumstances of the crisis of 1929-33. This amounts to a new worrying factor today, when the international financial market is in grave trouble.

#### Recent Developments of the Economic Crisis in America

Because the current crisis in the West began in the United States, and its focus is still there, the developments of the crisis in America will very crucially affect the trend of development of the economy of the West. Therefore, it is quite essential to concentrate our analysis on the recent developments in America.

In the initial stage of the current crisis, the monetary and interest rate policies of the U.S. Federal Government produced very substantial effects. For example, the first sharp decline in production, which began in February 1980, was to a certain extent related to the implementation of the "Volcker scheme," consisting of tightening credit and raising interest rates, by the Federal Reserve Board in October 1979. The economic upturn beginning in August 1980 and lasting one year was related to Federal Reserve Board Chairman Volcker's maneuver of drastically easing credit and lowering interest rates in a bid to help Carter in the general election. The implementation of the tight money policy once again in August 1980 after Reagan became president again triggered off the second sharp output decline of the current crisis. Strangely, in the present stage of decline, the adoption of the easy credit policy by the U.S. Government to stimulate the economy has become less and less effective.

Actually, in the winter of 1981, under pressure from the Reagan administration, the Federal Reserve Board began to loosen credit. During the half-year period from November 1981 to April 1982, the money supply in the United States on the definition of M-1B increased at a high annual rate of 9.4 percent, whereas in the preceding 6 months it increased at merely 1.4 percent per annum. (The money supply on the definition of M-1B includes currency plus demand deposits and interest-bearing savings deposits. The official target for the annual growth of M-1B (from the fourth quarter of 1981 to the fourth quarter of 1982) set by the Federal Reserve Board was 2.5 to 5.5 percent. Generally the upper limit of 5.5 percent is not to be exceeded.) During the same half-year period from November 1981 to April 1982, the Federal Reserve also purchased large quantities of government bonds, so that bank reserves kept by the Central Bank grew at a high rate of 11.5 percent per annum, whereas in the preceding 6 months there was almost no increase. (BUSINESS WEEK, 17 May 1982 and INTERNATIONAL HERALD TRIBUNE, 22-23 May 1982) During that period, because inflation in the United States eased rapidly, a so-called "real money growth" occurred (that is, the rate of growth of M-1B exceeding the inflation rate). This was a rare phenomenon. Previously, since the 1970's, it occurred only twice, the first time being in the winter of 1974, when oil price increases were having an impact, and the second time in 1980, right before Carter entered for the general election. In both cases, the economy began to take an upturn 6 months after the appearance of "real money growth." This time, because the inflation rate was particularly low, the "real money growth" rate was much higher than in the two previous cases, and accordingly the economy should have begun to take an upturn in May 1982. However, on the contrary, the economic situation deteriorated in June. Although the Federal Reserve Board further loosened credit in line with the tax cut in July, the economy did not improve.

With the continuing deterioration of the economy, the increase in unemployment and bankruptcies, and the financial turbulence aroused by the bankruptcy of the Pennsylvania Concourse Bank, the Federal Reserve Board took a new measure on 20 July, namely, lowering the discount rate six times to force a lowering of interest rates. Thus, the interest rates naturally fell considerably, but the economy still did not improve. In September, the unemployment even rose to double-digits. Under this condition, the Federal Open Market Committee, which has great powers over monetary policy formulation, convened a meeting on 5 October to make strategic decisions. Three days later, Federal Reserve Board Chairman Volcker purposefully disclosed the contents of the resolutions of this meeting to the big capitalists of the Council of Businessmen. He said that because the money supply M-1B had lately been distorted, it was agreed at the meeting that "the only method is to stop, from now on, paying so much attention to changes in M-1B as has been usually done," and to permit M-1B to temporarily exceed the official upper limit of the growth target. He also said that currently inflation had been checked, and in the future the focus of the Federal Reserve Board's work would be to attempt to extricate the economy from the recession. (INTERNATIONAL HERALD TRIBUNE, 11 October 1982) Although he kept on saying that this did not imply and change in the monetary policy, he was actually protesting his innocence too much. The new measures taken by the Federal Reserve Board since the last 10-day period of July did bring about relative fall in interest rates. From 19 July to 29 November, the

best lending rate charged by American commercial banks fell from 16.5 percent to 11.5 percent, the discount rate fell from 12 percent to 9 percent, and the interest rate payable on 3-month treasury bills also fell from 10.96 percent to 8.37 percent. (See daily market interest rate information in relevant issues of INTERNATIONAL HERALD TRIBUNE.) The fall in interest rates was even more drastic when compared to the interest rates prevailing at the end of June. In the beginning, interest rates on long-term loans did not fall substantially, but recently they have also been falling. Big falls in interest rates since the middle 10-day period of August have aroused a boom in the stock and local markets. A boost in the loan market helps increase opportunities for enterprises to issue long-term corporate bonds, while a stock market boom is advantageous to issuing new shares and helps increase shareholders' purchasing power. However, the American economy has not improved. Industrial output dropped by 0.8 percent in October, which became the month with the second largest decline last year. The output of cars even plummeted by 15 percent, and the unemployment rate soared to 10.4 percent. Moreover, dismissal of workers has been continuing. In September, the average weekly working time of a worker fell to an all-time low of 38.6 hours.

In the past, it was generally believed that the sustained deterioration of the American economy was mainly due to high interest rates. Now, interest rates have fallen drastically, but why has there been no improvement in the economy? Judging from recent circumstances, this may be due to the several reasons explained below.

First, although interest rates have fallen by 5 to 6 percentage points recently, this is less than in 1980, when interest rates dropped by about 10 percentage points. Moreover, the current inflation rate in the United States is much lower than at that time. The inflation rate in America was 12.4 percent in 1980, 8.9 percent in 1981, and merely 4.8 percent on the average from January to September last year. (INTERNATIONAL HERALD TRIBUNE, 3 November 1982) Thus, although the best lending rate charged by banks has fallen to 11.5 percent, the real interest rate is still as high as 6.7 percent after the inflation rate has been subtracted. Moreover, since August, the inflation rate in America has been falling. In September, consumer-goods prices rose by only 0.2 percent, equivalent to an annual rate of 2.1 percent. Therefore, in September, the real interest rate charged on prime customers by banks was as high as 9.4 percent, whereas in 1980 the real interest rate was negligible. Furthermore, the interest rates on car-purchasing installment loans and on home-purchasing mortgage loans fell only marginally, from a peak of 19-21 percent to the recent level of 15-18 percent. Therefore, car sales have continued to decrease. The sale of houses has also not improved markedly. This is an important reason why the recent substantial fall in interest rates in the United States is much less effective in stimulating the economy than the fall in 1980.

Second, the current economic situation is much worse than in 1980. In 1980, the unemployment rate was only 6.2-7.6 percent, but now it has reached double digits. The trend of bankruptcy of enterprises continues to grow; an unfavorable structural change affecting declining industrial sectors is developing; and the people's relative purchasing power is diminishing. Businesses are



heavily in debt. In the second quarter of 1982, short-term debts owned by enterprises in the United States totaled 530 billion dollars, accounting for 42.8 percent of the total debts owed by enterprises. Today, credit has become easy and interest rates have fallen, but the enterprises' most urgent task is to raise new loans to repay mature loans plus interest, and to borrow medium-term or long-term loans to replace the overly heavy short-term debts. In this way they attempt to alleviate the shortage in their circulating funds. Some enterprises even need to borrow loans to pay for daily expenses and to avoid going bankrupt, and therefore they are far from reaching the stage when they can raise new loans to expand business, replenish inventories or make investment. Because unemployment is serious and real income increases only marginally, the ordinary people are unable to, and are afraid to, increase their consumption spending or buy new cars or houses. Therefore, Greenspan said that the current fall in interest rates is not solely a result of the Federal Reserve Board's new measures. More importantly, it is due to the fact that the economy is distressingly weak, so that the demand for commercial loans has begun to dwindle. Because the fall in interest rates is largely due to the grave deterioration of the economy, it naturally will not quickly produce pronounced effects in stimulating the economy.

Third, since August, inventories in the United States have again been increasing, and the ratio of inventories to sales has again risen to 1.52 percent, reaching the level prevailing at the end of 1981. Thus, the effects of a big decrease in inventories in the first half of 1982 have been nullified. In the third quarter of 1982, the automobile industry believed that inventories had been considerably reduced and sales would increase, and therefore decided to increase the production of new 1983 models, thereby boosting the GNP figure for the third quarter by 1 percent. However, things went contrary to the carmakers' wishes. They had made a serious misjudgment and by the end of August the stock of unsold cars was a record equivalent of 88 days' sales. The automobile industry now intends to reduce the inventory of cars for the fourth quarter to an equivalent of 60 days' sales. This implies a large reduction in output which may cause the GNP figure for the fourth quarter of 1982 to drop by 1 percent. (BUSINESS WEEK, 1 November 1982) Therefore, in the United States, if sales do not quickly increase in the near future, another round of reduction in inventories may occur, causing a further sharp decline in production.

Fourth, the enterprises' investment in equipment is rapidly diminishing. Not only have the Commerce Department's estimates of investment in 1982 become increasingly more pessimistic, but the McGraw-Hill Company's recent estimates of investment in 1983 predicts a real decrease of 8.5 percent, which is double the decrease in 1982. In October, the use-rate of capacity in the manufacturing industries fell to 68.4 percent, an all-time low for the past 35 years. Orders for goods not yet delivered by the manufacturing industries have decreased over 14 consecutive months, and in September there was a further decrease of 1 percent. (INTERNATIONAL HERALD TRIBUNE, 3 November 1982 and BUSINESS WEEK, 8 November 1982) From July 1981 to September 1982, the United States' industrial output dropped 10.8 percent. Aside from military production, almost all other industrial sectors slackened, but to varying degrees. For example, the output of nondurable goods decreased by only 4 percent, while

the output of durable consumer goods decreased by 10 percent. The output of materials and raw materials decreased by 15 percent, while that of capital goods decreased most drastically, with the production of equipment for enterprises falling by 26 percent. However, production in the military and aviation industries increased by 7 percent. (BUSINESS WEEK, 1 November 1982) Thus, it can be seen that in the second decline in production, investment has really become a drag on the economy. Although interest rates have fallen, this certainly cannot be an important means of supporting the economy at present.

Last, recently, the United States' foreign trade situation has begun to undergo grave deterioration. From January to September last year, the United States' foreign trade deficits amounted to a hefty 24.6 billion dollars, greatly exceeding the figure for the same period of 1981, and approaching the 1978 record high. A particularly serious problem is that in the United States' foreign trade in manufactured goods, the surplus of 16.5 billion dollars scored in January to August 1981 gave way to a deficit of 6 billion dollars for the same period of 1982; that is, there was an unfavorable change of 22.5 billion dollars. In August, American exports to industrial countries decreased by 8 percent, while exports to less developed countries even decreased by 15 percent. (BUSINESS WEEK, 1 November 1982 and INTERNATIONAL HERALD TRIBUNE, 5 November 1982) Moreover, according to recent estimates made by Chairman Feldstein of the Council of Economic Advisers to President Reagan, the foreign trade deficits of the United States could soar to 60-70 billion dollars, and the deficit in recurrent international payments and receipts could also be a huge record figure of 35 billion dollars. (INTERNATIONAL HERALD TRIBUNE, 18 November 1982) If the exchange rate of the dollar continues to rise the foreign trade situation will inevitably deteriorate further. This will be another drag on the economy.

In view of the above-mentioned factors, although the Federal Reserve Board's policies have changed considerably since July and interest rates have substantially dropped, the American economy is too weak at present, and the current measures by themselves are now powerful enough to extricate the economy from the crisis. Even if an upturn occurs in the American economy in spring this year, it will inevitably be very feeble.

#### Economic Prospects of the West

There are only three possible trends of development of the current economic cycle in the West. The first is that, in spring this year or later, the United States could get out of the crisis and gradually enter a stage of very feeble recovery, or, to be more exact, the present so-called disinflation would probably give way to "stagflation." Second, the Federal Reserve Board could further stimulate the economy, with the result that the disaster experienced in 1980 would recur, with output and inflation rising simultaneously, so that a contractionary policy has to be adopted again, nullifying the economic upturn and leading to the third decline of the current crisis. Third, the crisis in the United States could persist and continue to deepen, so that Europe and Japan are finally brought into a stage of sharp economic decline, resulting in a simultaneous global economic crisis which may be worse than the previous crisis. If the crisis gets much worse and finally the

international financial market also gets into trouble, then the possibility of a great crisis appearing during the current cycle cannot be eliminated.

According to the foregoing analysis, the second sharp decline of the current crisis in the United States is much more serious than the first decline of 1980. By merely relying on some measures which the Federal Reserve Board has adopted up to the present time, it would be difficult to extricate the economy from the crisis by spring this year. To further vigorously stimulate the economy primarily involves the question of the necessity to drastically lower the real interest rate. Whether this can be done depends primarily on the extent to which the Federal Reserve Board would relax its monetary policy in the future, and in particular, it depends on what methods the Federal Reserve Board would use to make up for the current huge budgetary deficit. According to estimates by Feldstein, chairman of the President's Council of Economic Advisers, the deficits of the 1982 fiscal year would amount to 112 billion dollars, while the deficits for 1984 and 1985 would amount to 150 billion and 200 billion dollars, respectively, against the Democratic government's past record deficit figure of 66.4 billion dollars in 1976. (AP dispatch from Boston, 9 November) Furthermore, according to calculations by the Morgan Bank, in the second half of 1982, the total demand for loans by the public and private sectors of the United States would be around 270 billion dollars, and new government bonds issued to make up for the deficits incurred by governments at various levels would amount to 145 billion dollars, which would be more than half of the total demand for loans. (Morgan Guaranty Trust Company's MONTHLY ECONOMIC DIGEST, September 1982) If the Federal Reserve Board refused to use the method of issuing banknotes, and insists on raising such a large amount of money through the domestic loan market in order to make up for the deficits, then instead of falling, the interest rates would probably rise drastically. Therefore, if the board really wants to lower real interest rates sharply, it may use the method of issuing a large amount of currency to make up for the deficits. If so, inflation would naturally worsen; but if the inflation rate does not rise, how can real interest rates fall sharply?

Nevertheless, it must be noted that at present, when overproduction is so serious and when the crisis has not yet died out, rapid rise in the inflation rate entails a gradual process, and probably this will not happen if less than the requisite amount of currency is issued. It is precisely with this point in mind that the Federal Reserve Board has boldly adopted its new measures. Therefore, before the inflation rate soars again, there is still some room for maneuvering. In other words, if the Federal Reserve Board further boldly loosens credit and issues currency before the passing of the crisis, the inflation rate would not necessarily soar abruptly, and therefore the possibility of a slight economic upturn in the spring of this year cannot be completely eliminated. However, one point is certain, namely, that if the inflation rate does not rise even though the Federal Reserve Board loosens credit and issues a certain amount of currency, then real interest rates will not fall substantially, and it would be difficult for the economy to really recover. However, on the other hand, if a large amount of currency is issued, the inflation rate rises, real interest rates drop and the economy enters the stage of recovery, then it would not be easy to curb inflation. To check inflation takes a considerable period of time and inevitably necessitates the

implementation of contracting monetary policies once again to put the brake on prices. This will probably once again disrupt the economic upturn, so that a third sharp decline in production may occur in the current crisis. Therefore, it is possible for the problems of 1980 to recur. However, the realization of the two categories of possibilities mentioned above is subject to a precondition, namely, that the Federal Reserve Board's measure of easing credit must be greatly stepped up. Otherwise, the crisis in the United States would probably persist or even get worse, thus creating a condition of the realization of the third possibility already mentioned.

Until now, in Europe and Japan, aside from a minority of countries such as the United Kingdom, the decline in output has been much milder than in the United States. However, recently there have been signs of a trend of accelerated decline, particularly in Europe. According to figures published by the EEC statistical bureau, the index of the EEC's industrial output plummeted in June, and then continued to fall in July and August. Compared with the 3 preceding months, the fall in industrial output during these 3 months was 3.3 percent in West Germany, 1 percent in France and 2.8 percent in Italy. (New China News Agency dispatch from Brussels, 9 November) Moreover, even before the sharp decline in output, figures on unemployment and bankruptcies had already been much higher than in the previous crisis. If the United States still cannot get out of the current crisis after a long time, or even if its economic recovery is too feeble, it would probably be difficult for Western Europe to avoid getting into a stage of sharp decline in output. Therefore, unless a relatively vigorous economic recovery takes place in the United States in the spring of this year, the current crisis will definitely not be less serious than the previous one in terms of simultaneous occurrence of problems.

Would a great crisis break out in the current crisis? This crucially depends on whether commodity prices would fall sharply and whether great turbulence would occur in the international financial market. Judging from the recent emergence of disinflation, when the crisis deepens, a decline in commodity prices at a certain stage is not impossible. However, would commodity prices fall to such an extent that it could cause financial disturbances? Presently there are not sufficient grounds for making such an assertion.

Nevertheless, the international financial market is now really in a situation of great strain. Since 1973, taking advantage of the flowing back of oil dollars, banks in the West have borrowed short and lent long on the European money market, leading to vastly excessive lending. Moreover, the quality of lending has been very poor. According to estimates made by the World Bank, the total liability of Third World countries has reached a high level of 540 billion dollars, around 2/3 of which is debts owed to Western banks. Now there have been problems with Eastern European and Latin American countries. Up to the present time, 26 countries have requested the West to allow postponement in repaying loans with interest, which total 40-50 billion dollars, or approximately 10 percent of all their foreign debts. Now, the majority of OPEC countries are tending to change from creditor nations to debtor nations, and the deficits in non-OPEC, less-developed countries' recurrent payments and receipts, which approached the 100 billion dollar level last year, cannot be

easily and substantially reduced in the future. Therefore, the debtor nations have only a slim chance of settling their debts by relying on surpluses in their own balance of international payments. Moreover the debtors concerned are mostly sovereign states, and therefore the lender banks have become involved in turbulent international politics.

When a local war breaks out, if one of the belligerent states is a big debtor of a bank, there will be trouble. The Malvinas War between Britain and Argentina is finally over, without disastrous results, but those in the international banking circles have had their nerves wracked. Now, under these conditions, if the crisis continues to deepen, who can guarantee that a storm or great crisis will not appear in the international financial market in the near future? A British magazine, THE ECONOMIST, recently carried an article which puts forth two tentative ideas about the possibility of an outbreak of an international financial crisis at the present time. One is called the "great explosion." The article assumes that one morning, Argentina suddenly announces that it will no longer repay its debts with interest. Then, before noon, the market prices of all banks' shares would tumble down to zero, and in the afternoon the governments of many debtor nations would follow Argentina's example, and thus the present international banking system would instantly collapse. The other idea is called the "black hole." That is, suppose that the crisis of confidence in the banking system developed to a certain stage, and one day several big depositors suddenly transferred their bank deposits to investment in some reliable corporate and government bonds. In panic, other big depositors would follow suit. Then the international banking system would also collapse. Therefore, past IMF Managing Director Witteveen recently issued a serious warning, saying that the crisis of confidence in the international banking system may turn this recession into a full-scale major crisis. At present, this risk is higher than at any time in the postwar era. (INTERNATIONAL HERALD TRIBUNE, 20 October 1982)

Of course, this does not mean that the current crisis will certainly develop into a great crisis. Perhaps the current conditions are not yet quite ripe. However, the possibility of an outbreak of such a great crisis cannot be completely eliminated. Has not Witteveen, as a senior expert in the financial circles of the West, also said that presently such a great crisis may occur?

Considering the three possible trends of development of the economy in the West, which we have discussed above, none of them can lead to happy prospects. This is precisely the new situation which has emerged after the economy of the West has entered a stage of prolonged decline. In this stage of prolonged decline, not only will the economy of the West suffer from a more serious decline with the development of each new cycle, but the conditions for the outbreak of a great crisis will inevitably further approach ripeness as new cycles develop. This trend of prolonged economic decline in the West can hardly take a favorable turn even if there is no large-scale sabotage due to a great crisis, a great war, or a serious crisis embodying several consecutive cycles.

INTERNATIONAL AFFAIRS

UN OFFICIAL ON COMBATING RACISM ENDS PRC VISIT

OW040938 Beijing XINHUA in English 0757 GMT 4 May 83

[Text] Beijing, May 4 (XINHUA)--Dr. James Jonah, secretary general of the United Nations Second World Conference to Combat Racism and Racial Discrimination, left here for Tokyo this morning.

He arrived here on May 1 for a working tour at the invitation of the Chinese Ministry of Foreign Affairs.

During his stay in Beijing, Dr. Jonah briefed the Chinese Foreign Ministry on preparations for the second world conference, which is to convene in August in Geneva.

Han Xu, vice-minister of foreign affairs, hosted a banquet in Dr. Jonah's honor on May 2. Han Xu reiterated China's firm support for the people of various countries in their fight against racism and racial discrimination. He also told Dr. Jonah that China will send a delegation to attend the forthcoming world conference.

During his stay in Beijing, Dr. Jonah held discussions with representatives from the Chinese People's Association for Friendship with Foreign Countries and the Chinese Academy of Social Sciences.

CSO: 4000/126

## INTERNATIONAL AFFAIRS

### U.S. CONGRESS INCREASES MILITARY AID TO ISRAEL

OW112134 Beijing XINHUA in English 1840 GMT 11 May 83

[Text] Washington, May 11 (XINHUA)--The U.S. House Foreign Affairs Committee yesterday increased military grants to Israel, 300 million dollars more than the Reagan administration requested for fiscal 1984.

The committee's action by a vote of 18 to 5 followed approval of increased aid to Israel by the Senate Foreign Relations Committee last week. These actions came as negotiations were under way over the withdrawal of Israeli troops from Lebanon.

The administration has proposed 1.15 billion dollars in military loans and 550 million in military grants and 850 million in economic aid to Israel for 1984. This makes Israel the biggest U.S. aid recipient in the world.

Representative Joel Pritchard (D-Ind.), who had sponsored an amendment to keep military grants to Israel at 550 million dollars, said, "Israel has enough support to checkmate any administrative initiative."

Representative George W. Crockett, Jr. (D-Mich.), reflecting uneasiness over Israeli policy on the occupied West Bank, said the increase in grants "frees additional capital for Begin (Israeli prime minister) to continue building settlements in the occupied territory."

CSO: 4000/126

INTERNATIONAL AFFAIRS

U.S. PAPERS SAY MORE SS-20'S IN SIBERIA

OW091531 Beijing XINHUA in English 1426 GMT 9 May 83

[Text] Washington, May 9 (XINHUA)--The Soviet Union is building more missile bases in its Asian territories that could double its SS-20 missiles targeted on Asian nations, THE NEW YORK TIMES and THE LOS ANGELES TIMES reported Sunday.

THE LOS ANGELES TIMES quoted U.S. administration officials as saying that at least 10 new missile bases are under construction east and west of Lake Baykal in southern Siberia for the medium range SS-20 missiles.

THE NEW YORK TIMES reported that satellite photographs indicated that as long as several months ago the construction for these missile bases was under way. Not until recently did the administration conclude that they are associated with the Russian deployment of SS-20 missiles, the paper said.

Moscow now already has bases for 108 SS-20 missiles targeted on Asia and the new bases could deploy another 100 of these missiles that have a range of about 5,000 kilometers, the paper said.

CSO: 4000/126



INTERNATIONAL AFFAIRS

GDR'S HONECKER RAPS U.S. MISSILE POLICY IN EUROPE

OW201239 Beijing XINHUA in English 1158 GMT 20 May 83

[Text] Berlin, 19 May (XINHUA)--Erich Honecker, state council chairman of the German Democratic Republic, today observed exercises at the Soviet military training center in Germany, according to a report by the ADN News Agency.

He said on the occasion that the stationing of new American medium-range nuclear missiles in Western Europe would bring about "an extremely serious threat not only to Europe, but to the whole world."

"That would trigger off a new round in the arms race and would force the Soviet Union and its allies to take counter-measures to maintain the military and strategic balance of forces," Honecker went on.

He added that the prevention of a nuclear war was the most important task of the German people.

CSO: 4000/133

INTERNATIONAL AFFAIRS

U.S. HOUSE COMMITTEE OPPOSES NICARAGUA POLICY

OW040940 Beijing XINHUA in English 0800 GMT 4 May 83

[Text] Washington, May 3 (XINHUA)--Reagan's Central American policy suffered a blow today when the House Intelligence Committee voted 9-5 to cut off all funds being used by the U.S. Government for covert operations in Nicaragua.

Committee Chairman Edward Boland said that what the committee has done is "in the interest of our government." He believed that what the U.S. Government is doing in that area has been "counter-productive."

The Reagan administration had lobbied vigorously against the bill, which will also be considered by the House Foreign Affairs Committee and then voted by the full House.

The republican-controlled Senate Intelligence Committee is expected to vote on a similar cutoff proposal later this week.

Congressional critics have charged that the administration, by supporting the anti-government forces in Nicaragua, has been violating the law which prohibits U.S. covert action to overthrow the Sandanista Government of Nicaragua.

CSO: 4000/126

INTERNATIONAL AFFAIRS

PLA'S HE ZHENGWEN FETES VENEZUELAN GENERAL 4 MAY

OW042040 Beijing XINHUA in English 1617 GMT 4 May 83

[Text] Beijing, May 4 (XINHUA)--He Zhengwen, deputy chief of the general staff of the Chinese People's Liberation Army, gave a banquet here this evening for Lieutenant General Luis Octavio Romero, general commander of the army of Venezuela, and his wife.

In his toast, He Zhengwen said: "Both China and Venezuela love peace. They treasure their independence and sovereignty and resolutely oppose all kinds of hegemonism in the world."

He said: "Our two countries share many common views on world affairs and learn from each other in the field of developing economically and strengthening national defense."

He Zhengwen said that Romero's current visit marks the good beginning of the contacts between the armies of China and Venezuela.

In his toast, Romero expressed his warm greetings to commanders and fighters of the Chinese People's Liberation Army.

He said that Venezuela and China have many common objectives and interests. They are all working for world peace and for seeking new international order so as to create better living conditions for peoples of these two developing countries.

Among those present at the banquet were Regulo Burelli Rivas, Venezuelan ambassador to China, and Brig. Gen. Jacobo Efrain Yopez Daza, military attache of the Venezuelan Embassy here.

Mr. and Mrs. Romero and their party arrived here yesterday at the invitation of the Chinese Ministry of National Defense. This is the first visit to China by the Venezuelan military leader.

This morning the Ministry of National Defense gave a ceremony to welcome the Venezuelan guests. Romero reviewed a guard of honor made up of members of the P.L.A. ground service. Today, Romero watched military display by a P.L.A. tank unit.

CSO: 4000/126

INTERNATIONAL AFFAIRS

VENEZUELAN GENERAL FETES PLA'S HE ZHENGWEN 7 MAY

OW072052 Beijing XINHUA in English 1623 GMT 7 May 83

[Text] Beijing, May 7 (XINHUA)--Lieutenant General Luis Octavio Romero, general commander of the Venezuelan army, and Mrs. Romero gave a return banquet at the Venezuelan Embassy here this evening.

He Zhengwen, deputy chief of the Chinese People's Liberation Army general staff and his wife attended.

In his toast, Romero said they have seen that the Chinese Army and people are making consistent efforts for the country's modernization. He expressed his admiration for the military training of the Chinese Army.

In response, He Zhengwen said Romero's visit has helped promote mutual understanding and friendship between the two armies. He said the development of Sino-Venezuelan friendship is in the interests of the two peoples as well as world peace.

In the last two days, Romero and his party visited Baotou in Inner Mongolia and Shijiazhuang in Hebei Province, both in north China. They will leave for home tomorrow.

CSO: 4000/126

INTERNATIONAL AFFAIRS

YANG DEZHI MEETS, FETES VENEZUELAN GENERAL 5 MAY

OW052336 Beijing XINHUA in English 1408 GMT 5 May 83

[Text] Beijing, May 5 (XINHUA)--Yang Dezhi, chief of general staff of the Chinese People's Liberation Army, met with Lieutenant General Luis Octavio Romero, general commander of the Venezuelan Army, and Mrs. Romero.

In their conversation, the two generals expressed the hope that the armed forces of China and Venezuela would increase mutual contacts and learn from each other.

After the meeting, Yang Dezhi gave a dinner in honor of the visitors.

Present were He Zhengwen, deputy chief of the P.L.A. general staff, and Zhang Tong, director of the Foreign Affairs Bureau of the Ministry of National Defense. Among the guests were Venezuelan ambassador to China Regulo Burelli Rivas and Jacobo Efrain Yepez Daza, military, naval and air attache of the Venezuelan Embassy in Beijing.

Earlier today, General Romero and his party visited Chairman Mao Memorial Hall and stood in silent tribute in front of his remains.

CSO: 4000/126

## INTERNATIONAL AFFAIRS

### JI PENGFEI MEETS ECUADOREAN DELEGATION

OW061645 Beijing XINHUA in English 1255 GMT 6 May 83

[Text] Beijing, May 6 (XINHUA)--State Councillor Ji Pengfei met and had a friendly talk here today with a delegation from the Ecuadorean Democratic Party led by Chairman Francisco Huerta.

Ji Pengfei, also former head of the international liaison department of the Chinese Communist Party Central Committee, extended a welcome to Chairman Huerta on his first visit to China.

Expressing the hope that the Chinese Communist Party and the Ecuadorean Democratic Party would have more contacts and exchange experience, he said he was glad to note the growing friendly relations between China and Ecuador. "We should strengthen cooperation and help each other," Ji Pengfei said.

Huerta said he was convinced that the friendship already established during the visit would continue in the days to come.

Present were Zhu Liang, deputy head of the international liaison department of the C.P.C. Central Committee; Zhang Zhixiang, adviser to the department; Jia Shi, vice-minister of foreign economic relations and trade; and Gonzalo Paredes, Ecuadorean ambassador to China.

After the meeting, Ji Pengfei gave a dinner for the guests.

The delegation will leave here tomorrow on a tour of Xian and Shanghai.

CSO: 4000/126

## INTERNATIONAL AFFAIRS

### UN HEARS NICARAGUAN COMPLAINT AGAINST U.S.

OW170244 Beijing XINHUA in English 0225 GMT 17 May 83

[Text] United Nations, May 16 (XINHUA)--Miguel d'Escoto Brockman, foreign minister of Nicaragua, called again on the Security Council to carry out its primary obligation to end the invasion of Nicaragua by a great power.

He made this appeal at the Security Council which resumed this afternoon its consideration of Nicaragua's complaint against the United States.

He said that Nicaragua's problem is basically with the United States, which uses Somozist guards and Honduran forces as instruments in its aggressive policy in Central America.

The foreign minister declared that Nicaragua regards as "crucial" a dialogue between itself and Honduras in the presence of the Contadora group--Colombia, Mexico, Panama and Venezuela.

Representative of Honduras Enrique Ortez Colindres refused the charge of the Nicaraguan foreign minister that Honduras is merely an instrument of the United States. "Honduras has promised the Council that it will not interfere in Nicaragua or mobilize its troops," he declared.

He said that Honduras is ready to reach agreements as a result of regional consensus among Nicaragua, Honduras, Costa Rica, El Salvador and Guatemala. The problem could not be resolved solely through bilateral talks, he stressed.

He announced that Honduras supports the efforts of the Contadora group for a solution of Central American problems without additional interference.

A working paper of a draft resolution was circulated this afternoon among the members of the Council. The draft would request the U.N. secretary-general to use his good offices, in co-ordination with the Contadora group, with a view to achieving a solution to the problems.

CSO: 4000/126

## INTERNATIONAL AFFAIRS

### PRC JOURNAL ON EAST EUROPEAN ECONOMIES

HK251033 Beijing QUOJI WENTI YANJIU in Chinese No 2, Apr 83 pp 18-32

[Article by Chen Pingling [7115 1627 7117]: "East Europe Is Exploring--Reflections on the East European Economic Situation"]

[Text] In recent years the five East European countries of Poland, Czechoslovakia, Hungary, Bulgaria and East Germany have all shown differing degrees of economic stagnation and recession, with production declining, supply becoming increasingly difficult, prices on the increase, and all of the countries going deeply into debt. The seriousness of the situation is unparalleled in the thirty years since World War II. What are the reasons for this situation? How can economic vitality be restored once again? These are pressing questions which these five East European countries are trying to examine and solve at this very moment. Although the situation in these five countries is not identical and their actions are different, efforts to seek development from readjustment and advancement from reforms are more and more becoming a common trend among them. It can be said that this is a focal point worthy of attention in the overall present situation in East Europe.

In 1982, the economies of these five countries were still in very bad shape. After the declaration of martial law in Poland, despite some recovery in production and a certain rise in industrial production since August, in overall terms the national revenue for the entire year continued to fall and almost sank to the level of ten years ago. In recent years agricultural and industrial production in Czechoslovakia and Hungary has come to a standstill and the usable national revenue has fallen year by year. There have also been significant falls in the economic growth rates of the GDR and Bulgaria, making it more and more difficult for them to reach their targets for five-year plans. Although all five countries have adopted such measures as cutting production consumption, restricting capital construction, limiting domestic consumption, and actively trying to increase exports in order to try to stabilize the domestic consumer market and to try to raise their international paying power, and although they have indeed succeeded to an extent in certain areas, in overall terms the situation continues to worsen.

The general worsening of the economic situation in East Europe manifests itself most prominently in the following three areas.



1. The incomparable seriousness of the economic stagnation and recession and the fact that a fundamental change is not possible within a short period of time.

During the latter half of the 1970's the economic growth rates of the five countries had already begun to slacken visibly. When the new five-year plans for the first half of the 1980's was being drawn up (for 1981-1985) the speed of development was slowed down (with the exception of the GDR) and targets for the annual rate of increase in national revenue were considerably lower than the average rate of growth during the 1970's, and furthermore, with the exception of the GDR and Czechoslovakia, the targets were lower than for any five-year period since the Second World War.

Annual average rate of increase in national revenue during each period of five year plans in each of the five east European countries since World War II (percent)

| <u>Year</u>       | <u>Poland</u> | <u>GDR</u> | <u>Czecho-<br/>slovakia</u> | <u>Hungary</u> | <u>Bulgaria</u> |
|-------------------|---------------|------------|-----------------------------|----------------|-----------------|
| 1951-55           | 8.6           | 13.4       | 8.1                         | 5.7            | 12.2            |
| 1956-60           | 6.6           | 7.1        | 7.0                         | 6.0            | 9.6             |
| 1961-65           | 6.2           | 3.4        | 1.9                         | 4.5            | 6.7             |
| 1966-70           | 6.0           | 5.2        | 6.9                         | 6.8            | 8.8             |
| 1971-75           | 9.8           | 5.4        | 5.5                         | 6.5            | 7.8             |
| 1976-80           | 1.3           | 4.1        | 3.7                         | 3.5            | 6.1             |
| 1981-85 (planned) | 0.05          | 4.9-5.1    | 2.7-3                       | 2.7-3.2        | 4.6-5.4         |

(Source: Czechoslovakian PLANNED ECONOMY No 7, 1982)

Since entering the 1980's, the situation has become even worse. Judging from the official announcements relating to planning fulfillment in each of the five countries in 1981 and 1982, as well as the targets for 1983, growth rates have now sunk and have been transformed into stagnation of the entire economy and even recession.

Situation relating to the implementation of the 1981-85 plans for each of the five east European countries.

| <u>Item</u>   | <u>Poland</u> | <u>GDR</u> | <u>Czecho-<br/>slovakia</u> | <u>Hungary</u> | <u>Bulgaria</u> |
|---|---------------|------------|-----------------------------|----------------|-----------------|
| Targets for annual increase<br>in national revenue as<br>drawn up in five year plan | 0-0.5         | 4.9-5.1    | 2.7-3                       | 2.7-3.2        | 4.6-5.4         |
| Actual increase in 1981   | -13           | 5          | -0.35                       | 1.8            | 3.2             |
| Predicted increase for<br>1982  | -8            | 3          | 0.55                        | 1.             | 3.6             |
| 1981 and 1982 planned<br>increase   | 11            | 4          | 0.1                         | 1.4            | 3.5             |
| For 1983  | 2-2.5         | 4.2        | 2                           | 0.5-1          | 3.8             |

In studying the economic growth rates of these five countries over the last few years we must also take into consideration the changes in international bartering rates and exchange rates that have occurred. All of the economies of these five East European countries are very open and over 40 percent of end products are exported and exchanged for vitally needed energy, raw materials, and other products. Thus, changes in the international bartering rate are going to affect their economies enormously. Since the latter half of the 1970's, changes in price relations and exchange rates for manufactured goods, energy, and raw materials on international markets has meant that the import to export product bartering rate of these five East European countries has worsened visibly, thus they have needed to export many more products before being able to maintain former levels of imports of fuel and raw materials. In other words, in comparison to the past, these countries have had to channel abroad even more of their national income every year, and thus the proportion left for domestic consumption and accumulation has been proportionally less and less. Hence there has been a constantly increasing difference between the annual national revenue that these five countries produce and the actual useable national revenue. Take for example Hungary, where for the 1981 to 1985 economic plan, it was stated that the national revenue produced should rise in total by between 14 and 17 percent but that the useable national revenue could only rise by between 3 and 5 percent. In 1981 the national revenue for Hungary rose by 1.8 percent while the useable national revenue fell by 1 percent. In Czechoslovakia the national revenue fell by 0.35 percent in 1981 and the useable national revenue fell by 4.5 percent. Thus, on the basis of useable national revenue, not only Poland's economy suffered enormous recession, but in addition both Czechoslovakia and Hungary found themselves in economic recession and the GDR and Bulgaria, with negligible real rises in the economic growth rate, also found themselves with increasing problems.

Today, these five East European countries are sinking into a terrible vicious circle, the reason being that because of the economic stagnation and recession, domestic supplies have become very short and international spending has become very difficult. Thus, in order to stabilize domestic consumer markets and relax international spending problems, they have been forced to reduce greatly

capital construction and imports, and the results of this is to further develop stagnation and recession. Thus it seems that none of these countries will be able to break out of this vicious circle during the first half of the 1980's nor will they be able to shake off economic stagnation and recession.

2. The serious problems connected with international spending and the burden of foreign debts have reached almost unbearable proportions.

Since the 1970's, all of these five East European countries have borrowed from Western Europe and the United States, hoping to modernize their country's economies by using the loans to import advanced technology. According to statistics from the Swiss Credit Bank the debts of the five countries are as follows:

Outstanding debts of the five East European countries owed to the West

| <u>Country</u> | <u>Year</u> |             |             | <u>Percentage Increase from 1971 to 1981</u> | <u>1981 debts as borne by the population (unit: U.S.\$1)</u> |
|----------------|-------------|-------------|-------------|--|--|
|                | <u>1971</u> | <u>1980</u> | <u>1981</u> |  |  |
| Bulgaria       | 7           | 32          | 23          | 229  | 259  |
| Hungary        | 8           | 74          | 74          | 825  | 690  |
| Czechoslovakia | 2           | 35          | 36          | 1700   | 235  |
| GDR            | 12          | 99          | 114         | 850  | 681  |
| Poland         | 8           | 221         | 230         | 2775   | 643  |

If these debts had not exceeded rational limits and had been able to increase exports and to maintain the potential to pay off the debts then such policies as these should have been very effective in developing the economies of these countries. However, the world energy crisis has meant that international economic trends have inflicted unfavorable changes on these countries.

After the enormous rises in the price of energy and raw materials, the prices of East European exports could not be raised accordingly because of poor technology, low quality, and other factors, and thus their international bartering rate worsened considerably. Comparing 1980 with 1979, the ratio between the average price index of export products and the average price index of import items dropped from 6:1 to 4:1, thus seriously weakening the international spending capacity of these East European countries. Although they actively increased commodity exports, none of them, with the sole exception of Bulgaria, were able to make up the losses incurred owing to inflated prices for imports, thus creating a general and serious adverse foreign trade balance.

### Foreign Trade Balance for East Europe Over Recent Years

(Total value of exports as a percentage of total value of imports. Based on prices for each separate year.)

| <u>Country</u> | <u>1970</u> | <u>1975</u> | <u>1976</u> | <u>1977</u> | <u>1978</u> | <u>1979</u> | <u>1980</u>                       |                               |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------------------------|-------------------------------|
|                |             |             |             |             |             |             | On basis<br>of price<br>that year | On basis<br>of 1970<br>prices |
| Bulgaria       | 109         | 87          | 96          | 99          | 98          | 104         | 108                               | 142                           |
| Hungary        | 94          | 86          | 91          | 91          | 82          | 93          | 96                                | 120                           |
| Czechoslovakia | 103         | 92          | 93          | 92          | 94          | 93          | 98                                | 119                           |
| GDR            | 95          | 89          | 86          | 84          | 91          | 93          | 91                                | 108                           |
| Poland         | 98          | 82          | 79          | 84          | 88          | 92          | 90                                | 90                            |

(Source: Czechoslovakian FOREIGN TRADE magazine Nos 4 & 5, 1982)

The Soviet Union is the main supplier of oil to these five East European countries. When the international bartering rate for these countries worsened, there were marked improvements in the Soviet Union's average price index ratio for import and export products (improving from 100:100 in 1970 to 100:137 in 1980). At the same time the East European countries former trade surpluses with the Soviet Union generally became serious trade deficits. According to Polish press material the trade deficits for these five countries with the Soviet Union for the years of 1980 and 1981 were as below.

(Unit: Rubles 100 millions)

| <u>Year</u> | <u>Bulgaria</u> | <u>Hungary</u> | <u>Czecho-<br/>slovakia</u> | <u>GDR</u> | <u>Poland</u> |
|-------------|-----------------|----------------|-----------------------------|------------|---------------|
| 1980        | 3               | 2              | 11                          | -          | 12            |
| 1981        | 7               | -              | 3                           | 3          | 18            |

Today, these five East European countries have entered the critical stage of repaying the interest on their West European loans and Poland and the other countries are finding themselves in enormous difficulties as a consequence. Western financial circles believe that in general the amount of interest to be paid back on foreign debts should not exceed between one-fifth and one-fourth of that year's export exchange figures, otherwise serious problems and difficulties develop. On average, during the three years between 1978 and 1980, these five East European countries paid interest on their loans which amounted to the following proportions of each country's total export figures to the EEC: Czechoslovakia--11 percent, GDR--22 percent, Hungary and Bulgaria--31 percent,

Poland--38 percent. If one adds on the repayment of the original loans then this proportion becomes even more enormous. Western estimates suggest that the amount of foreign currency needed by Czechoslovakia to repay capital plus interest represents about 25 percent of the country's entire annual free foreign currency income, while in Bulgaria it is 40 percent and in Poland it is as high as 80 percent. Thus one can well understand the seriousness of the situation.

3. With increased prices and decreased supplies, standards of living have already fallen considerably.

Since the latter half of the 1970's East European countries have been making promises to their peoples, not at all like West European countries where economic problems are shifted onto the people. In East Europe the countries have promised to maintain and improve standards of living. All these countries have adopted policies of cutting back on capital construction, reducing the accumulation ratio and stabilizing the lives of the people. However, as the entire economic situation has worsened, these promises have become harder and harder to keep. The most poignant problems in everyday life is increased prices. The direct fuse which ignited the turbulence in Poland since 1980 was price increases on food items. In actual fact, with the exception of the GDR, the commodity retail price index has been constantly increasing since the second half of the 1970's.

Rises in the commodity retail price index in East Europe from 1975-1980.

(1970 equals 100)

| <u>Country</u> | <u>1975</u> | <u>1976</u> | <u>1977</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Bulgaria       | 101         | 101         | 102         | 103         | 108         | 123         |
| Hungary        | 116         | 122         | 127         | 133         | 146         | 156         |
| Czechoslovakia | 100.8       | 102         | 103         | 105         | 109         | 111         |
| GDR            | 98          | 98          | 97.8        | 97.8        | 98          | 98.7        |
| Poland         | 110         | 116         | 123         | 132         | 141         | 152         |

(Source: CEMA STATISTICAL YEARBOOK 1981)

With the arrival of the 1980's, inflation and price increases in East Europe continued. In 1982, prices in Czechoslovakia, Poland, and Hungary increased by a large amount once again. The prices of 39 basic foods in Poland increased by two to three times, while electric and heating costs rose by more than 100 percent. The result was that living costs rose by more than 100 percent. In 1982 Hungary readjusted commodity prices twice in the same year with civilian fuel costs increasing by 25 percent and rice, flour, and flour products going up in price by 20 percent. Tropical fruit and nonessential products increased by 25 percent while train and bus tickets more than doubled in price. In

January 1981 Czechoslovakia also announced that there were to be increases in the retail prices of foodstuffs, with rice increasing in price by 100 percent, tobacco increasing in price by 30 percent, wines and spirits increasing by between 18 and 29 percent, and meat and meat products increasing by 27 percent. The result of this was that average living costs rose by more than 10 percent. Until now the GDR has not announced any price rises but has instead resorted to changing packaging methods and reducing the quantity of products to be packed and in this way increasing the real price paid. In the cases of some commodities restrictive purchasing measures have been imposed. In general then, inflation, price increases, shortages of commodities, lack of supply, and so on are all extremely serious and threatening problems facing East Europe at the moment. This problem not only seriously affects the people's enthusiasm for production, it also harbors the potential for a serious breakdown in social order and stability.

2

There are many factors which have contributed to the serious problems now facing each East European country. Increases in the prices of crude oil and of other essential raw materials, as well as the general worsening of the international economic situation, are very important contributing factors. In domestic terms, some of these countries, Poland in particular, have exceeded their repayment and assimilation capacity in the loans they have taken out to import advanced technology and thus they have sunk into difficulties as a result. Some of these countries, such as Czechoslovakia, have relied too heavily on crude oil imports in their energy policies, thus spending enormous sums of money on building up a petrochemical industry on an over-ambitious scale with the result that they have now been thrown into a negative situation. Agriculture in some of these countries is not up to standard, supplies of animal fodder are dependent on imports and net per capita imports of agricultural products and foodstuffs into the GDR and Czechoslovakia ranks them numbers 10 and 11 in the world. In 1979 these per capita imports reached US\$107 and US\$105 respectively, an enormous burden to be carried by these countries. Problems such as these naturally aggravate the economic problems already existing in these countries. However, all these countries agree that the key problems and major factors causing their problems are not to be found in changes in foreign economic conditions nor in inappropriate concrete economic policies, but rather in the basic economic strategies and general developmental directions which these countries have adhered to for the last thirty years.

After the Second World War, the East European countries altered their production relations in line with the Soviet model, implementing industrial nationalization and agricultural cooperativization and setting up a centralized, unified system of planning administration. At the same time, they adopted extensive economic strategies and extensional developmental plans on the basis of the Soviet Union's experiences. They depended on the Soviet market and on Soviet raw materials, carried out capital construction on a large scale and expanded raw material imports on a large scale too, as well as increasing employment numbers enormously, trying to increase the national revenue and improve standards of living by constantly increasing the scale of industry and increasing product output. For quite a long period after the war there was a

large demand for machine industrial products and the prices of energy and raw materials were low. In domestic terms these countries were able to centralize their manpower, material resources and financial resources, guaranteeing the construction of major programs, and as a result there was considerable development in industry through East Europe and this development was increasing at a fairly high rate. However, today, the so-called "increase barrier" in the areas of the labor force, of natural resources and of funds has emerged and the result has been that this extensive administration and extensional development has come up against obstacles which are very difficult to overcome and thus the point has been reached where it is necessary to find another way out of the situation.

Rate of increase in national revenue and capital construction investment in the five East European Countries from 1950 to 1980 (1950 equals 100)

|                      | <u>Bulgaria</u> | <u>Hungary</u> | <u>Czecho-<br/>slovakia</u> | <u>GDR</u> | <u>Poland</u> |
|----------------------|-----------------|----------------|-----------------------------|------------|---------------|
| National Revenue     | 1,162           | 489            | 494                         | 634        | 639           |
| Capital Construction | 1,950           | 706            | 776                         | 1,385      | 1,120         |

(Source: COMECON STATISTICAL YEARBOOK 1981)

1. The so-called "investment barrier." During the last 30 or so years one of the main causal factors attributed to the economic growth in all East European countries has been constantly increased investment and large-scale capital construction. During the period from 1950 to 1980 every 1 percent increase in the national revenue of each of these five countries has demanded an increase of at least 1.4 percent in capital construction investments (in the case of Hungary) and 2.2 percent at the most (in the case of the GDR). (see the above table)

Since the second half of the 1970's the annual average speed of increase in capital construction investments in all five countries has dropped visibly. Between 1976 and 1980 capital construction investments in Poland showed a negative increase of 2 percent in comparison to annual average figures for the five preceeding years. In the years from 1979 to 1981 the absolute figure for capital construction investments in Poland dropped by an annual average of 15 percent, while in Hungary it dropped by 2.7 percent. In the GDR and in Czechoslovakia increases of 1.3 percent and 0.4 were still maintained, although if one also takes price factors into consideration, then in the case of these last two countries real investment figures also fell. In the last 2 years all these East European countries have further continued to cut down on investment and in Czechoslovakia in 1982 total investments in capital construction were more than 3 percent less than in 1981. Under present domestic and foreign economic conditions, the East European countries' continued dependence on

expanding investments as a means of maintaining economic growth has already proved itself impractical.

Crude oil imports in the 5 East European countries from 1960-80

(Unit: 10,000 tons)

|                |   | 1960  | 1965     | 1970    | 1975   | 1980     |
|----------------|---|-------|----------|---------|--------|----------|
| Bulgaria       | a | 1.2   | 222      | 570     | -      | -        |
|                | b | -     | 180-fold | 159 0/0 | -      | -        |
| Hungary        | a | 145.5 | 225      | 435     | 843    | 833.6    |
|                | b | -     | 55 0/0   | 93 0/0  | 93 0/0 | -1.2 0/0 |
| Czechoslovakia | a | 22.5  | 610      | 980     | 1,580  | 1,930    |
|                | b | -     | 170 0/0  | 60 0/0  | 61 0/0 | 22 0/0   |
| GDR            | a | 194   | 513      | 1,033   | 1,700  | 2,190    |
|                | b | -     | 164 0/0  | 101 0/0 | 65 0/0 | 28 0/0   |
| Poland         | a | 71.4  | 312.6    | 701     | 1,330  | 1,630    |
|                | b | -     | 338 0/0  | 124 0/0 | 90 0/0 | 2- 0/0   |

A equals amount      B equals increase over the last 5 years (in percentages)

2. The so-called "natural resources barrier." Another important reason for the economic growth in these five East European countries has been the large-scale increases in energy and raw material imports, in particular the increases in crude oil imports mainly from the Soviet Union. Between 1960 and 1980 total crude oil imports into these five countries increased from around 6.31 million tons to 75.01 million tons, a nearly 12-fold increase. (see above table)

Since the second half of the 1970's increases in crude oil imports to these five countries have been reduced, and this is another important factor relating to the drop in economic growth in these countries. With enormous rises in the price of crude oil, it is already an enormous financial burden for these countries to maintain present import levels, let alone continue large-scale increases in imports. Even though, on the basis of an agreement drawn up in 1975 by all COMECON countries, the price of Soviet crude oil is estimated every year on the basis of average prices on the world market over the previous 5 years, which as a result delays for a certain amount of time the inflationary price attacks on East European countries, changes in price relations and exchange rates have meant that in actual fact East European countries are having to make use of many more export commodities than before to meet the costs of Soviet crude oil. The Czechoslovakia Minister of Finance divulged at one point that during the early 1970's Czechoslovakian imports of crude oil and natural gas only bit into around 5 percent of foreign currency revenue while in the second half of the same decade these imports were using around 15



percent of foreign currency revenue. In the early 1980's this figure is increasing to more than 25 percent of the entire annual foreign currency revenue. At the same time increases in crude oil production in the Soviet Union have come to a standstill and as a result not only is the Soviet Union unable to provide oil in line with former promised increases, it is also finding it increasingly hard to maintain the 1980 level as was agreed some 2 or 3 years ago. Soviet supplies of crude oil to East Europe in 1982 dropped 10 percent over 1981 and in 1983 the figures are likely to drop another 10 percent.

3. The so-called "labor force barrier." On the basis of statistics and predictions provided by the UN Economic Commission for Europe, during the 12 years from 1965 to 1977, average worker figures in European member states of CEMA increased annually by 1.6 percent and within this total, the number of workers in production areas increased by an annual average of 1.2 percent. However, during the 12 years from 1978 to 1990, the rate of increase of total numbers of workers will fall to 0.7 percent while there will be basically no increase in worker numbers in production areas. In addition to Poland, the situation will become increasingly serious for these East European countries. For a long time the natural growth rate in population in these countries has been very low and in fact during the 1970's there was negative increase in the population in the GDR. Thus total population figures are constantly decreasing and in recent years in Hungary the natural rate of increase of the population has been as low as between 3 to 4 per 10,000, and thus since 1981 the total population has begun to fall.

Today the labor force in East European countries has already been used to its greatest extent and it is already proving very hard to continue to increase the number of workers. On the basis of predictions provided in the Czechoslovak monthly magazine PLANNED ECONOMY, during the first half of the 1980's the number of workers in production areas in the GDR and Hungary will fall and in Hungary they will fall by around 2.7 percent. In several areas of work and in some regions Czechoslovakia has been using overseas workers for many years now and thus future increases in worker numbers are going to prove very difficult to achieve.

In addition to the above-mentioned three "increase barriers," extensive economic strategies and extensional development plans have also produced another serious problem, namely the backwardness of technological standards. After the war the industries of these five East European countries relied to a very large extent on processing Soviet raw materials and manufacturing on the basis of Soviet goods orders in order for them to develop. Thus for a very long time now the industries and enterprises of these countries have grown accustomed to fixed markets, unchanging users, unchanging products and varieties fixed by production, never having to concern themselves with the sources for their raw materials and never having to worry about product sales. Simply by expanding the scale of the processing and increasing product output these industries and enterprises have been able to increase profits and income. They have not felt the fierce pressure of international competition and there have been no pressing demands to improve technology. Thus they have lacked the intensional motivation to cut consumption and improve quality nor have they possessed the power to carry out timely improvements to equipment and improve

product variety. Thus while the scale of production and production output expanded quickly, improvements in technological standards were very slow. Today there is a considerable gap between the technological standards of East European countries and the world's most advanced countries, and most estimates reckon that the former are between 10 and 15 years behind.

The effects of backward technological standards over a long period of time are collectively manifested in the following two areas.

1. High consumption of energy and raw materials and low labor production rate. Most people believe that unit production value consumption of energy and raw materials in Eastern Europe is more than one-third higher than in advanced countries. In an article written in 1982 the vice chairman of the Czechoslovak Planning Commission made a comparison between each dollar of energy consumed in domestic production value and similar figures in some advanced Western countries and thus he came up with the following figures:

Each dollar of domestic production value energy consumption

(Unit: kilos of standard coal)

| <u>Country</u> | <u>Unit production value<br/>energy consumption</u> |
|----------------|---|
| West Germany   | 0.838   |
| Sweden         | 0.909   |
| Italy          | 1.146   |
| Britain        | 1.390   |
| Czechoslovakia | 1.755   |

Although this comparison is very general it does provide an overall reflection of the situation in Eastern Europe concerning energy consumption in production value. With insufficient energy and raw materials and an insufficient labor force making up the serious "increase barriers" in the economies of these five Eastern European countries, the effects of backward technological standards as reflected in the above table become all the more prominent.

2. Poor product quality and weak competitiveness. In terms of technological specifications and quality standards, industrial products, especially machine industrial products in East European countries, are lagging way behind advanced Western countries and thus are not able to adapt to changes in world market conditions, and as a result find it very difficult to withstand the test of international competition. For many years East European manufactured goods, especially machine industrial goods have experienced a constant drop in the proportion that they make up of total world exports of these kinds of goods. Take for example, Czechoslovakia, which among the East European countries may boast a relatively well developed economy and high standard of technology,

and which indeed even before World War II had a fairly well developed industry. As was stated in an article in the British newspaper THE FINANCIAL TIMES, in February 1982, prewar Czech machinery products and consumer products "were able to compete on a world scale," and "Skeda and Tatela brand cars were synonymous with exceptional quality and advanced design." However, today, Czechoslovak machine manufactured products "sell at a loss in the West." According to material provided by the Czechoslovak press, exports of Czech machine products made up 3 percent of total world exports of the same types of products in 1960, and in 1970 this proportion had fallen to 2 percent, while in 1978 it stood at 1.5 percent, and in the last several years it has sunk to below 1 percent.

Extensive economic strategies and extensional development plans were originally hoped to exchange high consumption--the important factor in production--for high speed economic growth, with the averages of speed and output making up the deficiencies in quality, and beneficial results. However, 30 years of practice have proven that these kinds of economic strategies and development plans were unable to ensure that quality and beneficial results obtain the predicted compensation and subsidies, and indeed what has happened is that speed and output have been realized as stagnation and recession. And it is this which is the fundamental reason behind the present serious situation facing these East European countries.

3

During the 1950's and 1960's East European Countries experienced two separate drops in the rate of increase, producing serious economic problems. The first time was in the period between 1953 and 1954, and the reason was mainly related to the principle of one-sided and preferential development of heavy industry, producing dislocations between accumulation and consumption, between the first and second categories and between industry and agriculture, thus national finances and market supplies grew short. After 2 or 3 years of readjustments with increased investments in agriculture and light industry and an emphasis on improving people's living standards, the situation gradually began to improve. The second time was between 1962 and 1963, caused by blind development of metallurgical and machine manufacturing industries in these countries with the result that energy and raw materials were in short supply, communications and transportation were in difficulties, and product sales were hard hit. The hardest hit of all was Czechoslovakia which during the first half of the 1960's saw an annual average rate of increase in the national revenue of only 1.9 percent. In 1963 the country still witnessed negative growth with absolute figures dropping to about 2 percent. Afterwards the Soviet Union greatly increased its supply of crude oil to East European countries and let them send facilities and equipment to the Soviet Union to develop and exploit other raw materials, thus giving the economies of the East European countries a new "impetus." Hence by the end of the 1960's and the beginning of the 1970's a relatively high growth rate was finally restored. The present economic difficulties facing the East European countries, the third of their kind, are not only far more serious, wide-reaching, and sustained than the first two, in addition they are not going to be solved by

increasing imports of raw materials from the Soviet Union, continuing to expand the scale of production or raising product output. The serious economic situation gives Eastern Europe no choice but to assimilate the experiences and lessons to be learned from the last 30 years of economic development, change its course and seek a different way out of the problem.

During the end of the 1970's and the beginning of the 1980's the countries of Eastern Europe have suggested the speeding up of the realization of the urgent task of economic intensification, demanding that as from today, with no increases in investment in energy, raw materials, funds and the labor force, the national revenue may be increased and standards of living maintained by developing technology and improving quality. This represents a fundamental change in the economic strategies and development plans of all of the countries in Eastern Europe. However, it is a slow and painful process. Restrictions created by a variety of factors mean that realizing this change is not an easy matter and cannot be done in one step. In order to gradually achieve this change these Eastern European countries should now begin to concentrate their efforts on the following three aspects of their economies.

1. Reforms in management systems. It was in the early 1950's that Eastern Europe adopted the Soviet Union's system of planned management of the national economy based on the principle of centralized power and with the system of administration as central. This management system is intimately related to extensive administration and extensional development, and they have continuously grown together. Its chronic weaknesses such as its extreme difficulty in avoiding a separation between production and demand and the ease with which it causes dislocations, its one-sided striving for quality, its blocking of technological development, high consumption, large-scale wastage, low quality and poor results, all of which are also associated with it have long been common knowledge to everyone. East European countries have also tried several times to carry out reforms, but in general terms the obstacles are enormous and positive results have been small. Today this system of management represents a serious stumbling block for realization of economic intensification.

At present, as the economic stagnation and recession worsens in Eastern Europe, a new wave of management reforms are on the rise. In 1980, on the basis of reforms carried out during the 1960's, Hungary adopted new measures and took new steps to launch itself into a new phase of overall reform work. Since the end of the 1970's Czechoslovakia has been concentrating on once again researching the problems related to the management system and after carrying out pilot schemes in some enterprises the country began in 1981 to promote "a full set of measures for perfecting the system of planned management." In 1982 Bulgaria announced that it was to carry out full implementation of "a new economic system" and Poland also began to promote "reform principles" which were centered on the three "selves" in enterprise (self-decisionmaking, self-responsibility for profit and loss and workers' self-government).

The central problem which must be solved in the area of management reform in Eastern Europe is how to ensure that the management system suits the demands of economic intensification. Moving out from this central question each country must adopt different measures suitable for that country's situation, based on

experiences and lessons learned during the 1950's and the 1960's, trying to integrate the centralized unity of macroscopic areas with the flexibility of the microscopic areas, thereby solving the contradictions between planned management and commodity production, between administrative decisions and economic mechanism and between unified overall planned and enterprise independence. It is worth noting that on the basis of this new trend, new questions have been thrown up. For example, in further exploration of the question of ownership, they feel that state ownership is not able to fully embody the producers' mastery of the means of production and cannot fully solve the problem of mutual separation between the producer and the means of production. They have suggested that while upholding the representation of the entire people--the state having possession of the means of production--enterprises should be given the powers and rights to rationally manage these means of production so that enterprise profits and the workers' welfare would be even more directly related to the enterprise's management ability. They have stressed that only in this way can the workers' spirit of mastery over their situation and their creative ability be fully exploited and mobilized for a long period of time and in this way technological quality be improved and economic results rise.

At the same time, in order to make enterprises even more directly aware and conscious of world market demands and the pressure of international competition, East European countries are also tending towards a gradual end to their attitude of absolute isolation between the price systems of their countries and the price system of the world market and this also is stimulating enterprises to improve technology and quality and strengthen export competitiveness.

2. Readjustments of production structure. For a long time now the implementation of extensive economic strategies and extensional development plans has meant that production structure in each of these five countries has been very sluggish, with demands on funds, energy, raw materials and the labor force very great and consumption high, while the labor production rate, raw material utilization rate and investment profit margins have been very low. If a production structure such as this is not readjusted from its foundations then the East European countries have no way of adapting to changes and developments in world economic trends. Judging by the measures they have already implemented and are continuing to implement in a planned way, the most important direction which such readjustment should take is as follows.

First, changes in the energy make-up and cuts in energy consumption.

The first thing to do is to reduce the proportion of crude oil in the overall make-up of energy and reintroduce and develop production of poor quality domestic coal which was previously considered unworthwhile. There should be great efforts to tackle the construction of atomic power stations while efforts are made to see that nuclear power becomes the most important source of future increases in energy. In addition, efforts should be made to wipe out and eliminate through selection all equipment and machinery with high energy consumption while all enterprises and industries with high energy consumption are halted.

Second, restrict the metallurgy industry and reduce consumption of raw materials.

In the future, not only must there be no further increases in steel and steel products output, there should even be some reduction. Demand should be fulfilled by improving the proportion of quality steel and by developing various kinds of substitute materials. The machinery manufacturing industry should gradually cut down on the production of heavy weight, poor quality products which take up a great deal of materials and which have low production value and instead it should develop products which use less materials and have a higher value, improving precision processing and increasing the average value of every kilo of products.

3. Develop growing industries and improve technological standards.

It is particularly important that the electronics industry develop so that by controlling technology and areas such as microcomputers, the gap between these countries and advanced Western countries may be narrowed. The technological standards of electrical products will thus be improved and international competitiveness strengthened.

4. Exploit each country's natural resources and increase export products.

In a situation where traditional machine and electrical export products are increasingly unable to pay for imports of vital energy and raw materials, each country's own resources should be exploited to the maximum such as some special agricultural products, wood products and mineral resources. In addition, the production of all kinds of consumer products should be increased and there should be a greater variety of export products. All these have become important ways of relaxing the present tension in the international balance of payments.

5. Quicken the development of agriculture, increase the extent of self-sufficiency.

In recent years agriculture has ground to a halt, especially in the GDR and in Czechoslovakia and there are dislocations in the livestock industry and the crop industry, with a dependence on imports for fodder and thus an enormous burden on foreign currency resources. At the same time as trying hard to improve grain output there must be efforts to stress the importance of exploiting grassland natural resources and developing sheep- and cattle-raising industries which have low costs and require less provision of fodder.

Today, each of these countries is examining how to develop their advantages on the basis of the concrete situation in each country, and create independently styled industries and how, in the light of this new trend, to maintain and improve the position of each country's economy in the world.

3. Strengthen the international division of labor. Under the influence of extensive economic strategies and extensional development plans, problems related to these countries' industrial production, such as over-large structure,

confused product variety, small product batches and careless division of labor are not going to be satisfactorily solved for a long time to come. An important prerequisite for achieving intensification of the national economy is to select a suitable specialized direction, promote rational international division of labor and solve all small but far-reaching problems. Thus, in addition to continuing to develop production cooperation programs with the Western world on the basis of mutual interest and equality, East European countries should realize that the crux of the problem is to solve the question of sharing out the work and cooperating within CEMA itself.

The structure of the division of work and cooperation with CEMA was formed and developed on the basis of extensive management and extensional development and is no longer suited to new trends and new conditions in present world economics, thus there is an urgent need to improve it. In 1983, CEMA will hold a meeting for the highest leaders of each member country to discuss the common problems facing them. How the problem of work division and cooperation within CEMA is solved will undoubtedly have a profound influence on the economies of all East European countries throughout the 1980's and on their developmental prospects for a much longer period of time.

4

In order to stabilize economic trends and restore economic vitality, Eastern Europe is already on the road to readjustments and reforms, carrying out exploration work and taking positive steps.

However, the road of readjustment and reform is by no means smooth and there will without doubt be obstacles and risks. Looking back at the history of Eastern Europe since the Second World War, every time there have been economic problems and every time there have been readjustment and reform, there have also been serious social conflicts and complex political struggles and this means that on the road of readjustment and reform, Eastern Europe will be cautious and careful and will walk with hesitation. However, the economies of Eastern Europe have already reached the point at which if readjustment and reform are not carried out then there can be no further hope. As the British FINANCIAL TIMES reported, the Czech Prime Minister Strougal said, if the present situation is allowed to continue, by the next century there will be a sign at the Czech frontier which will read "You are entering an industrial museum." A future such as this is of course not at all what the Czech people nor indeed what the peoples of all of Eastern Europe desire. Thus the East European countries must continue along the road of readjustment and reform, continuing to explore, and therein lies the hope that Eastern Europe may restore economic vitality and maintain social stability.

CSO: 4005/843

## INTERNATIONAL AFFAIRS

### CEAUSESCU STRESSES INDEPENDENT FOREIGN POLICY

OW141902 Beijing XINHUA in English 1648 GMT 14 May 83

[Text] Ankara, 14 May (XINHUA)--Romanian President Nicolae Ceausescu has said all countries should pursue an independent, peaceful foreign policy and defend their national interests.

Ceausescu made this statement in an exclusive interview with editor-in-chief of the Turkish newspaper MILLIYET, Mehmet Burlas on the eve of his visit to Turkey.

He said military blocs resulted from the cold war. "Any country, who even is a member of one military bloc, can and should pursue an independent foreign policy based on the principle of peace, safeguard its national interests and strengthen its cooperation with big powers," he said.

He said, "We oppose the deployment of new missiles and favor a Europe without nuclear weapons."

On the Balkan and Cypriot problems, Ceausescu expressed his hope that Turkey and Greece will become reconciled with each other. He said their reconciliation is an important element for peace in the Balkans.

Ceausescu said all foreign troops should withdraw from Cyprus to pave a way for a peaceful settlement to the Cypriot problem.

On Romanian-Turkish relations, Ceausescu said agreements reached during the visit to Romania by Turkish Head of State Kenan Evren in 1982 made a great contribution to their relations.

He said "The trade volume between the two countries increased to the equivalent of 200 million U.S. dollars from 50 million U.S. dollars in 1975, which is clear proof of the development of the relations between the two countries."

CSO: 4000/133



## INTERNATIONAL AFFAIRS

### CENTRAL EUROPEAN DISARMAMENT TALKS BEGIN

OW210339 Beijing XINHUA in English 1830 GMT 20 May 83

[Text] Vienna, 19 May (XINHUA)--The 10-year-long talks on disarmament in central Europe began its 30th round of session here today after a two-month adjournment.

During the plenary session today, negotiators of NATO and the Warsaw Pact stated their views on the status quo of the talks and their proposals.

Democratic German negotiator Andre Wieland, speaking for the Warsaw Pact, urged NATO nations to abandon the tactic of making obstacles in order to help the negotiation attain real result as soon as possible.

Wieland said the proposal made by the Warsaw Pact last February is "a practical way to get out of the stalemate." Under the proposal, the military forces of NATO and the Warsaw Pact in central Europe will be reduced to 900,000 armymen on either side and the Soviet Union will withdraw 20,000 armymen from the region within a year while the United States will withdraw 13,000 armymen.

On behalf of NATO, Belgian negotiator J. L. Lebacqz said the West is ready to work out a militarily significant and readily verifiable accord here so as to make NATO and the Warsaw Pact attain military parity in central Europe and guarantee the security of various countries.

But before signing such an accord, Lebacqz said, the exact military strength on both sides must be, at first, thrashed out, measures to verify decided and agencies for long-term verification established.

The West believes that the Warsaw Pact has 150,000 to 180,000 more armymen in central Europe than it admitted.

CSO: 4000/133

## INTERNATIONAL AFFAIRS

### TURKEY, ROMANIA TO EXPLORE BALKAN SUMMIT

OW231644 Beijing XINHUA in English 1603 GMT 23 May 83

[Text] Ankara, 23 May (XINHUA)--Turkey and Romania are considering the possibilities of holding a Balkan Summit and agreed to set-up sub-committees to explore the possibilities, reported the Turkish daily MILLIYET today.

The agreement was reached during the official talks between Turkish President Kenan Evren and Romanian President Nicolae Ceausescu which began here on 20 May and concluded yesterday afternoon in Antalya City on the Turkish Mediterranean coast, according to official sources here.

During the talks, the two presidents discussed the latest developments in Lebanon, the efforts to end the Iran-Iraq war, joint actions for the establishment of a new international economic order to be taken at the June UNCTAD Conference in Belgrade and the possibility of reducing medium-range missiles in Europe.

The two presidents also discussed the latest situation in Cyprus and the Turco-Greek disputes.

According to the MILLIYET, the two leaders disagreed on nuclear disarmament. Ceausescu believes that the Balkans want to be free of nuclear weapons and they want this to be achieved through a progressive program of co-operation in every field among the Balkan states. Evren on the other hand said that it is impossible to isolate the Balkans from the rest of Europe and he wants all of Europe to be free of nuclear weapons.

During the talks, the two presidents expressed their desire for further expansion and diversification of economic relations between the two countries.

The two countries signed a scientific and cultural cooperation exchange program for the 1983-85 period, which covers the fields of education, science, culture, arts, press and information.

Both Turkey and Romania paid much attention to Ceausescu's state visit to Turkey. Turkish Foreign Minister Ilter Turkmen said recently, "This is not just a protocol visit. This state visit, held at a time when East-West

"relations are in a critical period, when Europe and NATO will go through a very important year in 1984, is of great importance and significance."

On the eve of Ceausescu's visit, the Romanian State News Agency AGERPRES said that to improve Romania's relations with Turkey was a basic policy preference and not just a transitional tactic and that cooperation with Turkey was the foundation of the atmosphere of security which Romania wanted to shape in the Balkans.

Ceausescu and his party left Antalya airport for home this afternoon.

CSO: 4000/133

INTERNATIONAL AFFAIRS

'MILLIYET' SAYS U.S. TO STRENGTHEN TURKISH AIRBASE

OW231910 Beijing XINHUA in English 1845 GMT 23 May 83

[Text] Ankara, 23 May (XINHUA)--The United States will strengthen its Incirlik Airbase in Turkey to counter the recent Soviet arms buildup in Syria, the U.S. undersecretary for defense, Mr Richard Perle said in Washington.

This was revealed in an exclusive interview with the Turkish daily MILLIYET, and published in Istanbul yesterday.

Mr Perle said American F-16 jet fighters will be stationed at the Incirlik Base, as one of a series of 'technical changes' there.

The base is located on the Mediterranean coast in southern Turkey, and is an important U.S. installation in the Middle East.

Mr Perle said the United States regarded the Soviet buildup in Syria as a new menace directed towards the 'soft underbelly of NATO.'

Southern Turkey was well within the range of Soviet missiles stationed in Syria, he added.

CSO: 4000/133

## INTERNATIONAL AFFAIRS

### FRENCH ASSEMBLY ADOPTS 5-YEAR MILITARY BUDGET

OW210245 Beijing XINHUA in English 1934 GMT 20 May 83

["News analysis: A Noteworthy Military Budget Adopted by France"--XINHUA headline]

[Text] Paris, 20 May (XINHUA correspondent Yang Qi)--The National Assembly today approved the government's five-year (1981-1988) military budget which has drawn close attention at home and abroad.

The budget involves not only France's own defense but is also vital to the security of Western Europe as a whole.

It is the first time in France that a military budget indicates clearly France's future enemy.

"It is mainly because the Soviet Union has deployed SS-20 missiles that the international environment surrounding France has become unstable," an additional report of the budget says. "As the deployment aims at Europe in particular, it has all the more aggravated the situation," the report adds.

The budget adopts the strategic thinking that the national armed forces should not only defend their own country, but also take part in battles defending Western Europe and those countries that have concluded military treaties with France.

This strategic thinking, described by Defense Minister Charles Hernu as "three circles of defense," reflects France's inclination to strengthen its military cooperation with NATO.

France withdrew from NATO's integrated military command in 1966 and has openly stated that it has no intention of returning to the integration.

But the French authorities concerned have said that if Western Europe is attacked by the enemy, France will decide independently when and where it will take part in "frontline battles."

The budget says France will set up a 50,000-strong "unit of rapid action and assistance" mainly for the "European Theater."

The new five-year budget projects an annual growth rate of two percent in military spending, which will boost the military expenditure to four percent of the country's gross national product in 1988.

While giving priority to nuclear defense capabilities, the budget stresses the modernization of conventional forces with sophisticated military technology. It foresees a trimmed-down but more mobile armed force with improved weaponry.

By the end of the century, the budget says, France will have a ground force of 290,000 soldiers, a cut of 25,000 from the present level, supported by 1,100 tanks, 400 helicopters and 8,000 armored vehicles.

The budget calls for the addition of a seventh nuclear-powered submarine and a nuclear-powered aircraft carrier. The air force will maintain its arsenal of 450 jets and will be equipped with U.S. early warning AWACs planes.

During the debate on the budget, the French Communist Party said it opposed the designation of the enemy in advance and therefore abstained from voting on the relevant part of the budget. But it voted in favor of the budget as a whole.

The opposition Rally for the Republic and the Democratic Union criticized the budget, saying that military spending falls short of the country's defense needs.

Defense Minister Charles Hernu stressed that the military objectives contained in the budget will be achieved under all circumstances. He said that a possible financial examination will be made in 1985 to ensure the implementation of the budget.

It is noteworthy that the budget was adopted only after a 10-hour debate which had been expected to last two days. Observers here see this as an indication that there is no major difference among the various political forces concerning the strengthening of defense to safeguard national independence.

CSO: 4000/133

## INTERNATIONAL AFFAIRS

### SOCIALIST LEADERS END PARIS ECONOMIC MEETING

OW210419 Beijing XINHUA in English 1835 GMT 20 May 83

[Text] Paris, 19 May (XINHUA)—Socialist leaders of the six countries today called for a reduction of U.S. budget deficit leading to an excessively high interest rate and a strong dollar in an effort to realize a world economic recovery.

The call was contained in a joint statement released here at the end of a two-day meeting attended by French Premier Pierre Mauroy, Swedish Prime Minister Olof Palme, Finnish Prime Minister Kalevi Sorsa, Greek Prime Minister Andreas Papandreu, leader of the Portuguese Socialist Party Mario Soares, President of the Senegalese National Assembly Habib Thiam and a representative of Spanish Prime Minister Felipe Gonzalez.

The statement said the world is experiencing the most serious economic crisis since the Second World War. Conditions should be created for a sustained development instead of just waiting for an economic recovery, and financial transfer to the South should proceed, the statement said.

It said the socialist leaders have adopted a six-point strategy for world economic recovery: industrial modernization that will increase employment, concerted actions to meet consumer demands, fighting against inflation, stabilization of exchange rates, defense of the trade system and a renewed cooperation between north and south.

The statement also expressed support to French President Mitterrand's call for an international conference to establish a new system of fixed exchange rates.

Stable prices for raw materials could be achieved through setting up a common fund, the statement said. It also called on the industrialized nations to increase their public development assistance to at least 0.7 percent of their gross national product.

On trade protectionism and the deterioration of the terms of trade, the statement said East-West economic cooperation should not be a problem if it is based on the principle of mutual benefit. Observers here noted that the socialist meeting was held before the Williamsburg Economic Summit of the seven industrialized countries set for 28 May.

## INTERNATIONAL AFFAIRS

### USSR TRADE MINISTER CONCLUDES VISIT TO ITALY

OW191250 Beijing XINHUA in English 1226 GMT 19 May 83

[Text] Rome, 17 May (XINHUA)--Soviet Minister of Foreign Trade Nikolay Komarov left here for home yesterday at the end of a five-day visit designed to find a solution to trade problems between the two countries.

In recent years, Italy has been suffering from a big deficit in trade with the Soviet Union.

What makes the matter worse is the fact that Italy pays cash for the import of natural gas, oil and timber from the Soviet Union while its export of industrial equipment to the Soviet Union takes the form of preferential loans.

According to figures released by the Central Institute of Statistics, in the five-year period from 1978 to 1982, imports from the Soviet Union increased two-fold to 4,788.5 billion liras (3.5 billion U.S. dollars) in 1982 from 1,412.5 billion liras (1.7 billion U.S. dollars) in 1978.

Despite increases in Italy's exports to the Soviet Union in 1981 and 1982, Italy still had a deficit of 2,746 billion liras (two billion U.S. dollars) in trade with the Soviet Union in 1982.

Taken altogether, Italy's accumulative deficit in the five years under survey totalled of 7,511.1 billion liras (5.5 billion U.S. dollars).

As a result, the Soviet Union has benefitted not only from the import of advanced industrial equipment provided by Italy in the form of loans, but also from its exports to Italy.

Voicing discontent, Italy's Vice Minister of Foreign Trade Bruno Corti complained publicly during Komarov's visit that Italy could no longer bear such a big deficit. He warned that the Soviet Union either increase its imports from Italy or cut back its supply to Italy as a way to balance the trade between the two countries.

In face of various formulas advanced by the Italian side to balance trade, the Soviet deputy foreign trade minister, however, appeared to have greater interest to know when Italy will resume negotiation on the issue of purchasing Siberian natural gas.



As import of Siberian gas could increase Italy's deficit by another billion dollars, the answer from the Italian side is the issue of deficit ought to precede all others.

Nevertheless, during Komarov's visit, the two countries worked out a draft plan for long-term economic cooperation to be approved by both governments. Besides, a mixed commission of the two countries, is to reconvene this fall after a break of two years.

The local press reported that an Italian company, Nuovo Pignove (of the ENI group), has signed a 120 million-dollar supplementary contract with the Soviet Union on the supply of equipment for the Soviet Siberian natural gas pipeline.

CSO: 4000/133

## INTERNATIONAL AFFAIRS

### FATAH ANNOUNCES MAJOR PERSONNEL CHANGES

OW230614 Beijing XINHUA in English 1830 GMT 22 May 83

[Text] Damascus, 22 May (XINHUA)—Fatah, the major guerrilla group of the Palestine Liberation Organization (PLO), announced major personnel changes by placing several senior officials under control, according to a communique of the Fatah Central Committee here today.

The communique said the Fatah Central Committee has decided to hold the 10th session of the Revolutionary Council to discuss organizational matters and make preparations for the fifth general congress later this month.

It also announced that according to directions of the PLO Military Council, all Palestinian forces will come under a new "front command" headed by Colonel Ahmad Affani, deputy chief of staff of the PLO armed forces.

Five dissident senior officers will be put under the direct orders of Commander-in-Chief Yasir 'Arafat and another under General Affani. There shall be no dealings or contacts with these officers by anybody else.

The communique said the Fatah Central Committee has "examined insubordinate actions recently committed by certain cadres and undertook intense efforts to settle them.

"The PLO Executive Committee and the commands of various sections of the Palestinian revolution also contributed their good offices to end the situation and safeguard the unity of the Fatah movement and the revolution," it said.

Held last night, the Fatah Central Committee meeting also discussed the development of the situation stemming from the war threat made by the United States and Israel in view of Syria and the PLO's rejection of the Lebanon-Israel troop withdrawal accord.

CSO: 4000/133

INTERNATIONAL AFFAIRS

ALGERIA OPPOSED TO ISRAEL-LEBANON WITHDRAWAL PACT

OW181323 Beijing XINHUA in English 1254 GMT 18 May 83

[Text] Algiers, May 17 (XINHUA)--Algeria today warned that signing of the Israeli-Lebanese troop withdrawal accord would aggravate the unstable situation in the Middle East.

A spokesman of the Algerian Foreign Ministry said that "any step which ignores the fact of the Palestinian nation cannot bring about a just and durable solution, nor can it have the consent and approval of the Arab nation."

Algeria stands fully and firmly by a united action based on the Fes declaration for the realization of genuine peace in the Middle East, he stressed.

Algerian President Chadli Bendjedid was reported to have told a Lebanese presidential envoy on 15 May that his country is "very much concerned about Lebanon's Arab identity, unification and sovereignty." Lebanon's relations with the Arab world should always be taken into account, he added.

CSO: 4000/133

## INTERNATIONAL AFFAIRS

### EGYPT WELCOMES ISRAEL-LEBANON WITHDRAWAL ACCORD

OW181453 Beijing XINHUA in English 1355 GMT 18 May 83

[Text] Cairo, 18 May (XINHUA)--Egyptian Minister of State for Foreign Affairs Butrus Ghali said that Egypt welcomes the Lebanon-Israel agreement because "it is aimed at achieving the withdrawal of Israeli troops from Lebanon and ensuring Lebanon's sovereignty over its territories," the newspaper AL-AKHBAR reported today.

"I cannot say that it is the best one, but it has achieved a number of priorities not only for Lebanon but also for the Arab world," Ghali was quoted as saying in an exclusive interview with the paper.

He said the accord, which was signed yesterday, does not undermine Lebanon's sovereignty and independence. It is an established fact that Lebanon belongs to the Arab world, he said, adding that the accord does not prevent Lebanon from entering into collective defense agreements with other Arab countries.

He said that "Syria has some interests in Lebanon that must be taken into consideration" and that the third article of the agreement--not using Lebanon as the base to launch attacks on a third country--is favorable to Syria.

Earlier, Egyptian Deputy Premier and Foreign Minister Kamal Hasan 'Ali stated that all parties inside and outside Lebanon should "respect the will of the Lebanese people represented by their legitimate government and legislative authority." "Egypt appeals to these parties to go along with Lebanon's wishes and not to plant any obstacles that could damage the interests of the Lebanese people or perpetuate Israeli occupation of their country."

CSO: 4000/133

INTERNATIONAL AFFAIRS

SUDAN SUPPORTS ISRAELI-LEBANESE ACCORD

OW190820 Beijing XINHUA in English 0714 GMT 19 May 83

[Text] Khartoum, 18 May (XINHUA)--President Ja'far Numayri today announced Sudan's support for the Israeli-Lebanese troop withdrawal agreement, saying that Sudan's backing for Lebanese efforts to secure peace is based on the principle of restoring Lebanon's independence, territorial integrity and sovereignty.

"Sudan is delighted with the news that Egypt, Saudi Arabia, Kuwait and other Arab countries support the Israeli-Lebanese accord," he said.

The president also called on the Palestine Liberation Organization and Arab brothers to stand alongside Lebanon at the moment which will determine the country's destiny.

He held that Syria's rejection of the accord might give Israel an excuse for keeping its troops in Lebanon.

CSO: 4000/133

## INTERNATIONAL AFFAIRS

### SYRIA TO BLOCK ISRAEL-LEBANON AGREEMENT

OW212007 Beijing XINHUA in English 1610 GMT 21 May 83

[Text] Damascus, 21 May (XINHUA)--Syrian Foreign Minister 'Abd al-Halim Khaddam said Friday that in negotiation with Lebanon Syria "will talk about nothing but banning the implementation of the Lebanon-Israel agreement."

In an interview with French reporters yesterday, Khaddam said Syria will neither accept the agreement nor welcome a visit by U.S. Envoy Philip Habib.

"We shall never change, not in a week, not in a month," he was quoted as saying.

The Syrian foreign minister said that, though the troop withdrawal accord, Israel has gained every object of its political, military, security and economic invasion of Lebanon and that Syria will resort to certain proper measures to defend the security of Syria and the Lebanese people.

Khaddam said the accord harmed Lebanon's security by prohibiting Lebanon from setting up a modern air defense system and deploying forces in the strategic Barouk Mountains.

Earlier, Khaddam warned that Syria could resort to war to fight against the U.S.-sponsored troop withdrawal agreement.

"Syria's essential condition for the withdrawal of its troops from Lebanon is the creation of national equilibrium in Lebanon. This is the only guarantee of unity, security and independence in that country," he said on the same occasion.

Khaddam told the French reporters that the future relations between his country and Lebanon depend on the principles and policies of the Lebanese authorities.

In an editorial today, Syrian newspaper TISHRIN said Syria resorted only to political measures at present by mobilizing Arab nations to fight against the accord. However, it said, Syria reserves the right to resorting to any means necessary to thwart the accord. Syrian Information Minister Ahmad Iskandar Ahmad and Minister of State for Foreign Affairs Faruq Ash-Shar' left here today for other Arab capitals carrying letters from Syrian President Hafiz al-Asad explaining their country's position on the Lebanon-Israel agreement.

## INTERNATIONAL AFFAIRS

### SUDANESE PRESIDENT ON ECONOMY, PRC TIES

OW231932 Beijing XINHUA in English 1912 GMT 23 May 83

[Text] Khartoum, 23 May (XINHUA)--Sudanese President Ja'far Muhammad Numayri has stressed the development of national economy and South-South cooperation in an interview with XINHUA on the eve of the 14th anniversary of "25 May" revolution.

In the interview which was held on 21 May, President Numayri pointed out in the 14 years since the "May 25" revolution, Sudan has made big progress in developing the national economy. He said, "before the May 25 revolution, the people's productive labour was mainly limited to backward agriculture and livestock farming. But at present, we have established a reliable economic foundation and attained self-sufficiency in many basic goods. Export volume is also increasing."

Numayri listed important achievements in agriculture, industry, transport, culture and education. He said the project of opening 400,000 feddan (one feddan equals 1,038 acres) irrigated farm land has been completed. It is estimated that within five years, the country will produce enough wheat for its own consumption. With an annual capacity of 400,000 tons, the Kenana Sugar Refinery has become the biggest of its kind in Africa and the Middle East. In the 14 years, Sudan has extended its highway network from more than 70 kilometers to the present several thousand kilometers. And now one million square miles of its territory has been covered by TV and broadcasting networks.

The president emphatically pointed out that economic development requires attention to the cultivation of qualified personnel. He said his government combines education with the requirement of national development. There are now five colleges and several thousand primary and middle schools in the country as against only one college and dozens of schools before revolution.

However, President Numayri pointed out, Sudan has also met a lot of difficulties on its road of national economic development. Price increases for petroleum products and industrial goods and price cuts for raw materials and farm produce in the world market brought a great impact on Sudan's imports and exports. "But, these difficulties have not blocked the progress of our development," he added.

He said that the South-South cooperation among the developing countries should be strengthened.

These countries share similar conditions and problems so the ways they seek to solve these problems will become important and will have mutual influence, he said.

But, he pointed out, the South-South cooperation does not exclude cooperation between the developing and developed countries, which forms an essential basis for the establishment of a new international economic order.

The advanced countries should provide technology and experience to the developing countries instead of selling them at prices higher than they are able to pay, he said.

Sudan is making efforts to help extend the political support among the Arab and African countries into the economic and cultural fields, he said. He also confirmed that he will attend the summit of the Organization of African Unity to be held next month.

He said China-Sudan friendship is reflected in many ways including the agricultural and fishery projects build with China's aid and their mutual support in their common struggles.

CSO: 4000/133



## INTERNATIONAL AFFAIRS

### KENYA'S MOI SAYS 19TH OAU SUMMIT ON SCHEDULE

OW230314 Beijing XINHUA in English 0231 GMT 23 May 83

[Text] Nairobi, 22 May (XINHUA)--The 19th Summit of the Organisation of African Unity (OAU) will take place in Addis Ababa of Ethiopia from 6 to 11 June as planned, OAU Chairman Daniel Arap Moi announced today.

The Kenya News Agency reported that Moi made this announcement when he received a special message from Ethiopian leader Mengistu Haile Mariam at the state house in Nakuru (90 miles northwest of Nairobi) delivered by Permanent Secretary of the Ethiopian Ministry of Foreign Affairs Tibabu Bekele.

Moi, who is Kenyan president, said "there have been contradictory reports from certain member states, some calling for a postponement of the summit which has already failed twice, and others giving conditions for the convening of the summit. I wish to point out that such voices of dissent are now in the minority. The summit will take place in Addis Ababa as planned."

"No effort by any member state to frustrate this schedule will be heeded," he added.

Moi further stressed that "the majority of African states have now realized that the unity of Africa should not be sacrificed and traded in for divisive tactics. We shall resolve our continental issues when we are all seated together as members of one body and speaking with one voice."

Moi also announced that the 12-member OAU Contact Committee had agreed at meetings here last February and in New Delhi last March that the forthcoming summit will be held under a climate of goodwill and understanding. "The Contact Committee will meet in Addis Ababa on 5 June in preparation for the summit the following day," he said.

CSO: 4000/133

## INTERNATIONAL AFFAIRS

### DPRK'S TEN DAY MOVEMENT FOR INDEPENDENCE, DEMOCRACY

SK211327 Beijing in Korean to Korea 1100 GMT 20 May 83

[Text] On the third anniversary of the Kwangju popular uprising in Seoul, Korea, the DPRK organized the 10 day movement for independence and democracy on 18 May.

According to a report by KCNA, an opening ceremony for the 10 day movement for independence and democracy was held at the Moranbong Theater in Pyongyang on 18 May.

Comrade Yo Yon-ku, director of the Secretariat of the Central Committee of the Democratic Front for the Reunification of the Fatherland of the DPRK, made a speech at the opening ceremony.

In her speech, she said; Through the 10 day movement for independence and democracy, the compatriots from all walks of life in the northern and southern halves of Korea and abroad should form a grand national reunification front by firmly uniting under the banner of the fatherland's reunification. They should positively struggle to realize the desires of those who participated in the Kwangju uprising by promoting the country's reunification through concerted action and struggle.

She said that during the period of the 10 day movement for independence and democracy, the northern half of Korea would organize various functions such as mass rallies, photo shows, and film shows.

Comrade Yo Yon-ku called on all of the various political parties, various factions, and the compatriots of various walks of life in the northern and southern halves of Korea and abroad to unite and struggle to realize the proposal for founding the Democratic Confederal Republic of Koryo, irrespective of the differences in ideologies, ideas, systems, and religions.

In December of last year, the representatives of the Korean compatriots in the northern half of Korea and abroad and of Christians held the second dialogue on the reunification question of Korea in Helsinki, the capital of Finland. They issued a joint statement. The statement decided that the period from 18 May, when the Kwangju popular uprising broke out, to 27 May would be the period for the 10 day movement for independence and democracy every year and that various activities would be carried out during this period.

INTERNATIONAL AFFAIRS

'PAKISTAN TIMES' REPORTS AFGHAN GUERRILLA ATTACKS

OW210445 Beijing XINHUA in English 1858 GMT 20 May 83

[Text] Islamabad, 20 May (XINHUA)--Afghan freedom fighters last week attacked and occupied Gowshtah sub-division of Nangarhar Province in east Afghanistan, the PAKISTAN TIMES reported today.

The Islamic Allience of Afghan Mujahideen announced that during the operation launched at 9 p.m. some day last week, the report said, the freedom fighters killed the governor of the sub-division and captured 16 Karmal troops. They also seized 34 rifles and 13 machineguns.

Meanwhile, the Agency Afghan Press reported today that the sub-divisional town of Qarah Bagh near Kabul liberated earlier last month has been under effective control of the freedom fighters. The main bazaar of the town is being run normally by the command of the freedom fighters.

The Soviet-Karmal forces tried on two occasions to capture the town last month but failed.

CSO: 4000/133

## INTERNATIONAL AFFAIRS

### BRIEFS

SENEGAL, SYRIAN DELEGATIONS--Beijing, 7 May (XINHUA)--Wei Guoqing, vice chairman of the Standing Committee of the National People's Congress, met here this afternoon with the youth delegations from Senegal and Syria separately. The Senegalese delegation is headed by Joseph Pierre Lomis, president of the National Youth Council of Senegal. The Syrian delegation is headed by Ibrahim Ibrahim, member of the Executive Bureau and head of the Organization Department of the Revolution's Youth Union of Syria. Li Haifeng, vice-president of the All-China Youth Federation, was present. [Text] [OW071347 Beijing XINHUA in English 1219 GMT 7 May 83]

ANC PRESIDENT TO PRC, DPRK--Lusaka, 21 May (XINHUA)--Oliver Tambo, president of the African National Congress of South Africa, left here this afternoon for visits to Korea and China. "It is my first visit to Korea, and my third visit to China, the previous one was made eight years ago," the ANC president told XINHUA at the airport. He said, "We greatly welcome invitations to us to visit Beijing and Korea. It is the situation in southern Africa and South Africa that we intend to discuss. We'll find ways of support to our struggle." [Text] [OW211653 Beijing XINHUA in English 1632 GMT 21 May 83]

SYRIA REFUSES HABIB DISCUSSION--Damascus, 18 May (XINHUA)--Syria refuses to receive U.S. Special Envoy Philip Habib, a Syrian official spokesman announced here today. The spokesman told reporters Syria has decided not to receive Habib because it has nothing to talk with him, especially as he is one of the U.S. politicians who are most hostile to the Arabs and the Arab cause. It is reported that Habib will come to the Middle East to help implement the Lebanon-Israel troop withdrawal agreement and to urge the Syrian and Palestine Liberation Organization armed forces to pull out of Lebanon. [Text] [OW181916 Beijing XINHUA in English 1500 GMT 18 May 83]

CSO: 4000/133

## PARTY AND STATE

### NEED FOR REFORM, INNOVATION IN TODAY'S CHINA ARGUED

Jinan DAZHONG RIBAO in Chinese 23 Mar 83 p 4

[Commentary by Zhengjun [1767 6511]: "Comrades, Come to the Forefront of Reform"]

[Text] Lu Xun once said: "Anyhow, without renovation it is going to be difficult just to maintain our existence." Reform is a necessity for "establishing a state and developing a country." All men of insight since antiquity have paid active attention to this. The forerunner of our democratic revolution, Dr Sun Yat-sen, entertained an ambition to promote "revolution and reform" and resorted to great deeds of innovation; only thus was he able to lead the people to overthrow the Qing Dynasty. The Chinese Communists also held high their banner of revolution and reform; only thus were they able to unite the people of the country to remove the three mountains imposed on the heads of the people and establish the new China. Since the 3d Plenary Session of the 11th Party Central Committee, the situation of "ten thousand horses standing mute" in our country has been broken, and our agriculture has prospered with vigor. Good news also has frequently come from the industrial, commercial, educational, and technological fronts, because the spring wind of reform advocated by our party Central Committee has been blowing across the vast expanse of our holy land.

Reform is historically inevitable. Today, our country is in a new historical era. Only by means of bold and resolute reform can benefits be installed and faults be removed so that we will be able to surge forward in a pioneering spirit and bring about an overall new situation in the construction of our four modernizations. Everybody should become a reformer and come to the forefront of reform.

Coming to the forefront of reform requires emancipating our thinking; petrified thinking simply won't do. Some comrades are still imprisoned in the conventions of their "leftist" ideology. They take reform as a heresy, refrain from supporting reforms or encouraging them, and even attempt to suppress them, pouring cold water [on the whole idea]. They follow the beaten path and stick to the knowingly imperfect, always feeling that the old approaches seem more palatable and that the workstyle of the past makes things easier for them. In spite of the fact that the trend toward reform at present is momentous, their spiritual state remains the same as in the past, their leadership methods stem from old conventions, and their workstyle undergoes no change. Consequently, the departments under their management look like a pool of still water with no sign of life.

Coming to the forefront of reform requires courage and decisiveness. It won't do if one is always afraid of something. Some comrades are afraid of ending in failure if they embrace reform, and of hardships if they resort to innovation. They maintain an attitude of "first, wait; second, watch others; and third, make a slow start"--waiting for the higher level to provide guidance, watching for neighbors to the left and right to set examples, and starting only after everyone else has finished taking their own steps. To engage in reform is to do things that our predecessors have never done before. Along our path of advance, we are bound to meet difficulties and obstacles. But being courageous in carrying out reform is also our essential quality as revolutionaries. As long as we face our difficulties squarely while making efforts, exert ourselves in active practice, are good at exploring new approaches, and are diligent in summing up our experiences, our reform is bound to achieve outstanding results.

Coming to the forefront of reform requires full exertion of our efforts. A lazy workstyle simply won't do. Some comrades acquiesce in their present state of affairs. When they face the need for reform and innovation, they are not willing either to exert their minds or to exert their muscles. If you push them a little, they will move a little, or sometimes even when you push them they still remain still. With respect to directives from above, they simply return what they receive "in principle," holding up commands without executing them. With respect to conditions below, they fail to conduct investigations and studies personally, but only "take command" without starting out on any expeditions. Such comrades should reinforce their sense of urgency as to our need for reform, and abandon their "lazy" disposition.

Coming to the forefront of reform requires us to become enlightened people. Remaining incompetent and inactive won't do. Some comrades do not read any books or newspapers. They remain ignorant of our situation of reform and can express no intelligent views pertaining thereto. Even when they choose to conduct some studies on reform in their own units, they often seem wavering, discussing without reaching any decision and planning without taking any action. They resort only to passing the buck back and forth and performing their duties in a perfunctory manner. Such comrades need to study our central directives conscientiously, study professional knowledge, and study the successful experience of outside units in carrying out reform so that they will enhance their competence and endeavor to become enlightened people, and thereby change the state in which they "seek to guide clearheaded people elsewhere with their own muddyheadedness."

9255

CSO: 4005/754

## PARTY AND STATE

### PARTY MEMBERS PREPARE FOR PARTY RECTIFICATION

Beijing RENMIN RIBAO in Chinese 11 Apr 83 p 3

[Report by Guo Xuan [6753 8916]: "Strengthen the Education of Party Members, and Do a Good Job of Preparing for Party Rectification; Ministries and Commissions Under State Organs Are Giving Extensive Rotational Training to Party Members"]

[Text] To do their best to prepare for party rectification, ministries and commissions under central state organs are enthusiastically conducting rotational training classes for party members which primarily study the new party Constitution. By the end of March this year, rotational training of party members of the Ministry of Engineering Industry, the Supreme People's Court, and the Travel and Tourism Bureau has basically been completed; 27 ministries and commissions are conducting rotational training of party members by stages and in groups; 14 ministries and commissions have decided to begin rotational training of party members starting in April; and other units are making preparations for rotational training of party members.

Party members and comrades who have already taken part in rotational training generally consider such education necessary and rewarding. Some party members say that since they are normally busy with work, they do not quite understand the substance and demands of the new party Constitution. But by studying the party Constitution systematically in rotational training classes and by pondering one's problems by integrating them with reality, they have enhanced their self-consciousness in implementing the party Constitution and ideologically prepared for party rectification in the future. Some comrades formerly believed that since they did not violate the law and discipline, take bribes, or steal, party rectification had nothing to do with them. Now, measuring themselves by the standards of a party member, they feel that they have deviated from the rules, and in the future they will set high standards for and make severe demands on themselves. As a result of rotational training, the broad masses of party members have strengthened their belief in communism and enhanced their self-awareness in maintaining political consistency with the Party Central Committee. They have located their deviations from the party Constitution and the main problems in ideology and workstyle, enhanced their understanding of the significance of party rectification, and resolved to begin with themselves and try hard to make basic improvements in party workstyle a reality.

To obtain relatively good results in educating party members, ministries and commissions are devoting attention to resolving the following four problems in the rotational training of party members:

(1) The emphasis of study in the rotational training class is on the general program of the new party Constitution and the chapters and sections on party members, party cadres, and party discipline. It should stress organizing party members to discuss how to be qualified Communist Party members in the new historical period.

(2) Strengthen the purpose of education and stress integration with reality and the important link of measuring oneself against standards. Deal directly with common and tendentious problems among party members in one's unit, guide party members in measuring themselves by the party Constitution, look for deviations, increase their understanding, and stir them ideologically. These are the main indications in testing whether rotational training of party members is successful.

(3) Do our best in arranging rotational training for party members and leading cadres above the rank of department or bureau director and make it possible for some party members and leading cadres to attend every term. Already, 177 department and bureau chiefs of the organs of the Ministry of Engineering Industry and its subordinate units have taken part in rotational training. The three department directors of the Department of Mines of the Ministry of Metallurgical Industry were, respectively, classroom leaders in the three terms of rotational training classes. Many cadres who took part in rotational training set examples, studied the documents in earnest, and voluntarily asked for other people's views when they measured themselves against standards, giving play to the role of taking an exemplary lead.

(4) Encourage heart-to-heart talks, give mutual assistance, and upgrade each other. Heart-to-heart talks benefited the 88 party members of the Beijing Engineering School under the Ministry of Engineering Industry who attended rotational training classes in exchanging views with each other, uniting their thinking, helping party members to understand their major problems, defining where they should exert their efforts, helping comrades who had made mistakes to go forward with their worries off their minds, strengthening unity among comrades, and maintaining close ties between party members and the party organization.

9586

CSO: 4005/700



## PARTY AND STATE

### KEY TO SELECTING CAPABLE PERSONNEL DESCRIBED

Shijiazhuang HEBEI RIBAO in Chinese 1 Apr 83 p 4

[Article by Bing Yan [0365 6056]: "On Bo Le and the Promoting of Human Talent"]

[Text] Han Yu of the Tang dynasty was a man of great talent, but his official career was a difficult one and he repeatedly was treated with indifference, so he wrote his "Sundry Opinions," which expressed his dissatisfactions with the current emperor. However, it simply won't do to just place one's hopes on the morals and wisdom of a feudal ruler, as there still is a great need for many people like Bo Le who was famous for his ability to select horses for championship training. In terms of our present system, putting a talented intellectual to use by placing someone who is both moral and capable to work in a professional sentry post in constructing the "four modernizations" is no easy task. For one thing, it is difficult to transfer them out of places where they abound, because they generally "die all tethered together in the stables." They can be transferred to places lacking them, but it is difficult to quickly arrange for housing, family dependents, household registration, professional posts, salary, children's schooling and so on, so that the transfer of a person can take one or two years.

The key to using people is identifying human talent, so there must be people like Bo Le, especially a "collective Bo Le." The reason why "there are many superior horses, but few people like Bo Le" is that there is no consistency in the standards and the methods of the leadership's collective "appraisal of horses" (i.e., discernment of human talent). For example, there should be consistency of moral and professional standards in employing people, but in a leadership group there are differences in what conditions are perceived and the conclusions will also differ, and even may be entirely opposite. The issue then is who is the true Bo Le. Ideally speaking, it is best if everyone is, but a "collective Bo Le" is rarely possible. This requires that the leadership group have the ability to discern talent, be fond of talent, have the capacity for talent and the means of using talent. These

requirements seldom appear together in a single person or in a leadership group, so it is common and expected for disputes to occur. However, there should not be discussions without decisions or decisions without action, nor should there be discussion with multiple decisions or resolutions which individuals cannot carry out, nor should there be discussions which reach solutions under one set of conditions and to which "new conditions" are later added. Such performance works against the discovery, promotion, training and utilization of human talent.

This new period of reform with its new tasks needs new human talent. It is important to promote human talent. In terms of the young and middle-aged cadres, if they can create conditions then they can emerge like the sprouts of flourishing trees, reach healthy maturity and produce beautiful blossoms; in terms of the ranks of the cadres, by creating conditions they can be like lone, individual trees which quickly produce forests. Unless this is done, when the "four modernizations" even more urgently require human talent we can only look on and sigh in desperation.

11582  
CSO: 4005/777

## PARTY AND STATE

### NEW WORK STYLE, NEW METHODS DESCRIBED

Beijing RENMIN RIBAO in Chinese 16 Apr 83 p1

[Article: "Anhui Provincial CPC Committee Makes Ten-Point Decision: New Leadership Group Has New Work Style, New Methods"]

[Text] The newly formed Anhui Provincial CPC Party Committee leadership group recently passed a ten-point resolution on reforming work style and work methods. The ten points are as follows:

1. Sincerely study and come to grips with Marxism, Leninism and Mao Zedong Thought, promptly study the major documents and directives of the party central committee, sum up Anhui experiences, quickly and effectively carry things out and steadfastly maintain political consistency with the party central committee. Organize a provincial party committee core study group which has monthly meetings of two or three days to study political theory and study the principles and policies of the party central committee.
2. Resolutely carry out a realistic ideological line and resolutely eliminate the influences of "leftism" and other mistaken ideologies. The provincial party committee must focus its main energies on being thoroughly realistic, performing studies and research, carefully investigating new conditions, summing up new experiences and resolving new problems. Under normal circumstances, each person should annually go to the grassroots level to carry out two or three months of study and research.
3. Sincerely carry out the party's system of democratic centralism and strengthen party unity. In the relationships between members of the provincial leadership, the old comrades must support the new comrades, the new comrades must respect the old comrades, everyone must learn from each other, help each other and unite to cooperate. Each six months the provincial party standing committee will convene a democratic life meeting, and at that same time it will actively participate in the activities of the party branches and party groups, sincerely carry out criticism and self-criticism and will undergo the supervision of the party members, cadres and the masses.

4. Carry out a division of labor between the party and the government. The provincial party committee emphasizes the research, investigation and resolution of all of the province's major policy, principle and planning issues concerning socialist construction, discusses and researches the ideological and educational problems of the cadres, party members and the masses, the issues of appointment and dismissal and discipline of cadres, the issues of improvement and development of party organizations and so on. Whenever the government ought to arrive at a solution or issue a document it is not necessary for the party committee to issue a document or for the party committee and the government to jointly issue a document.

5. Resolutely support collective leadership and oppose arbitrary individual decisions. Major issues are discussed in meetings of the standing committee and decisions regarding everyday work are handled by the office of the secretary. Under normal conditions, conferences of the provincial party standing committee and conferences of the office of the secretary are held once a week. Within the party standing committee the resolution of problems strictly abides by the principle of democratic centralism.

6. The provincial party committee has established a system of periodic analyses of conditions. On the average, once each quarter there is a meeting to analyse conditions which is attended by responsible comrades from all departments. They come prepared and systematically analyze the province's situation in politics, in economics and on other battlefronts. They research and resolve major issues and handle government office tasks.

7. Reduce meetings and reduce paperwork. When any department in the province convenes a special meeting which requires the attendance of a responsible comrade of the provincial committee it is sufficient for that responsible comrade to assign responsibility to attend rather than have the secretariat attend the meetings to speak or have the provincial party standing committee collectively appear at the meeting. Conference documents which must be circulated by the provincial party committee can be circulated in summary form and it generally is not necessary to circulate the speeches made by the leadership during the meetings.

8. Reduce the popularization of individuals. Except for the participation of leadership cadres in major holiday events, important meetings and foreign affairs activities, their general activities should not be reported in the newspapers or on the radio. Intra-party communications between comrades can forego titles. The opinions, speeches and reports of leadership comrades should not be described as directives.

9. Leadership comrades are urged to personally compose documents and write speech outlines rather than have everything prepared by the secretary. Work reports and major documents should be

collectively discussed by the standing committee. The offices and concerned departments can make drafts, but the standing committee should first clearly express its viewpoint and give concrete directions.

10. Make strict demands upon oneself to avoid abuses of authority or making personal profit.

11582  
CSO: 4005/777

## PARTY AND STATE

### 'BEIJING REVIEW' ON SPIRITUAL CIVILIZATION

HK101346 Beijing BEIJING REVIEW in English No. 18, 2 May 83 pp 16-19

[Article by Pang Yongjie and Li Shanquan, members of the "staff of the Economic Research Center under the State Council": "Chinese-Type Modernization (10): Building Socialist Spiritual Civilization"]

[Text] China's modernization programme entails the building of a socialist spiritual civilization simultaneous with the building of a socialist material civilization, concomitant undertakings which are peculiar to the Chinese way of modernizing the country. The twin tasks will ensure attainment of the modernization goal.

Since the shift in the emphasis of its work to the modernization drive, China's well-wishers around the world, while acclaiming the momentous decision, have expressed worries nevertheless. Many wonder if the process will rob China of its fine revolutionary spirit, court the "spiritual pollution" intrinsic in capitalist societies and derail the modernization programme in the end. Such worries are not unfounded.

As early as September 1979, the Party Central Committee called for parallel construction of economic and spiritual civilization, with each promoting the other. For, it is held, the building of a spiritual civilization is crucial to maintaining the socialist aspect of modernization, facilitating the consolidation and development of the socialist economy, forestalling any possibility of "Westernization" and preventing China from going capitalist.

Together with the four modernizations, socialist spiritual civilization has been included in the fundamental law of the land and the constitution of the Chinese Communist Party, the ruling party, as a programme of action for the entire party membership and the people throughout the country.

#### Implications

The term "socialist spiritual civilization" refers to the nature of all that is implied in spiritual civilization under the socialist system. It involves two fields of construction, ideological and cultural. Its quintessence lies in communist ideas, which places it worlds apart from capitalist spiritual civilization.

Ideological construction concerns ideals and moral values to be advocated and fostered among China's 1,000 million people. Through the study of Marxism and education in communist ideals an ever increasing portion of society will acquire a revolutionary outlook on life and the world and will become well-educated, well-disciplined workers imbued with lofty ideals and moral integrity. The aim in society as a whole is to develop new human relationships characterized by unity and mutual assistance and to establish new social morals and customs.

Cultural construction covers such areas as education, science, literature and art, the media, public health and sports. It is built within the framework of the socialist system, guided by Marxist theories and communist ideas, and is different from capitalist culture in that all of its fruits belong to the people and serve the public and the socialist cause.

#### New Term Classic Concept

Some may ask: On what grounds did you invent the term "socialist spiritual civilization," as it is not mentioned in any Marxist classics?

It is true that this term does not appear in Marxist literature. But didn't Marx and Engels, when speaking of humanity entering upon an age of civilization in new dimensions, predict that history is bound to witness a higher-state civilization characterized mainly by the abolition of class exploitation? By that time, they projected, products will flow in abundance; people inspired by communist values will develop their talents comprehensively and freely; all traditional ownership of the means of production and related concepts will be abolished and discarded; and education, science and arts will enjoy a full scope of development.

Lenin, too, repeatedly expounded on the significance of communist education, morality, discipline and attitude towards labour. The basic task of communism, he pointed out, is to help educate the labouring masses to overcome outmoded habits and customs left over by the old system; and knowledge of all sciences, technology and arts should be obtained to serve socialist construction.

Mao Zedong contributed much to this discussion as well. He issued a call to build a civilized and progressive China dominated by a new culture. Ideological work, as he saw it, is the guarantee for accomplishing economic and technical advances.

The task of building socialist spiritual civilization was defined on the basis of these principles and the summary of historical experiences gained after the founding of the People's Republic. It was set forth at a time when new policies were formulated for a new period of historical development.

## Relationship With Economic Construction

What is the relationship between the modernization drive and the building of a socialist spiritual civilization?

Just as a socialist society develops in the direction of communism, so the success of China's modernization drive hinges not merely on the accumulation of material wealth but also on the heightening of people's communist consciousness and revolutionary spirit.

Economic construction, or the building of material civilization, lays the groundwork for the construction of a socialist spiritual civilization. Without the former the latter would be out of the question.

Socialist spiritual civilization in turn provides an impetus for economic construction and guarantees its growth with the correct orientation.

In China, the tumultuous 10-year "cultural revolution" confounded right with wrong and good with evil, sapped people's confidence in Marxism and communism, and opened the floodgates to bourgeois individualism and anarchism. Although things have improved in the last few years since we began to set right the wrongs in all fields of endeavour during this period, it will be quite some time before we can remove all the aftereffects of this "revolution" from people's minds.

The new policy of opening to the outside world and stimulating the domestic economy, adopted after China switched to the modernization drive, has boosted the economy significantly and raised living standards. But the influences of the old private-owner mentality and decadent capitalist ideas from abroad also left their ugly marks because we overlooked our ideological work.

Facts show that if one buries himself in economic construction to the neglect of building socialist spiritual civilization, he will run after things material and may even be interested only in material gains. Thus he turns himself into a slave to material things, leading a rich yet spiritually meaningless life, a life which impels him to cheat, rob and kill.

Failure to check this tendency, rather than mobilizing the nation to work as one in economic construction, would lead China astray, on to a road of lopsided development, and weaken, or even scuttle its socialist economic foundation, reducing the socialist modernization drive to nothing but a pipe dream.

One erroneous assertion has it that socialist spiritual civilization can be built only in the presence of a highly developed material civilization. It is true that generally spiritual civilization is predicated on material civilization, just as full-fledged science and culture required an economy commensurate with it. However, spiritual civilization is not the simple, mechanical offspring of material civilization.



In other words, socialist spiritual civilization does not grow spontaneously with the development of material civilization. Rather, it needs to be championed and cultivated and practised by the people in their thousands and millions.

Under certain circumstances, spiritual civilization--especially its ideological aspect--may grow by itself, independent of the development of the material civilization. As Engels pointed out, "Economically backward countries can still play first fiddle in philosophy." ("A Letter to C. Schmidt," October 27, 1890.)

This has been borne out by recent history. During the revolutionary war years, the Communist Party and the people's army it led operated under extremely harsh material conditions and their scientific and cultural levels were fairly low. Yet a mature revolutionary consciousness, fine moral values and a camaraderie permeated the revolutionary ranks. Such spiritual civilization succoured us. We overwhelmed a far stronger, better equipped enemy and went on to win nationwide victory.

It stands to reason that the building of spiritual civilization need not wait until material civilization attains a high level of development. On the contrary, by redoubling our efforts to build spiritual civilization we can undoubtedly serve the revolutionary cause and accelerate the construction of material civilization.

Today and Tomorrow

What problems does China face in building the socialist spiritual civilization?

Over the last few years, China has adopted a series of measures including publicity and educational efforts to build socialist spiritual civilization.

We have advocated the "five stresses" (stress on decorum, manners, hygiene, discipline and morals) and the "four points of decency" (decency of the mind, which means cultivating a fine ideology, moral character and integrity and upholding the party's leadership and the socialist system; decency of language, which means the use and popularization of polite language; decency of behaviour, which means doing useful things for the people, working hard, being concerned for others' welfare, observing discipline and safeguarding collective interests; decency of the environment, which includes paying attention to personal hygiene and to sanitation at home and in public places).

In addition, we have designated March this year, and March every year, as Socialist Ethics and Courtesy Month.

Designed to foster fine life styles among our people, these activities have achieved initial results in correcting undesirable social practices.

Furthermore, we have commended those who have worked selflessly and made outstanding contributions to society, combated bourgeois liberalization and cracked down on crimes in the economic sphere. All these have enabled the people to learn from the advanced, distinguish the right and good from the wrong and evil and fortify their confidence in socialism.

However, it is no small job to build socialist spiritual civilization in a country where the economy and culture remain relatively undeveloped and where the "cultural revolution" has left such deep scars. At present, our party's style and civic virtues leave something to be desired, and more so do our science, culture and education. Moreover, the influence of capitalist ideas is spreading in the wake of expanding exchanges with foreign countries; and the philosophy that "money is everything" still has quite a following among the populace. We need to be on our guard.

Beginning in autumn this year, in order to strengthen the building of the spiritual civilization, the Chinese Communist Party will initiate a self-education process to consolidate itself in an all-round way. It expects to bring about real improvements in the party's style within three years by which to influence and improve ways of doing things throughout the society.

Further nationwide efforts will be made to publicize the "five stresses" and "four points of decency" and the "three loves" (love for the motherland, socialism and the party), especially during the annual Socialist Ethics and Courtesy Month. People in both urban and rural areas will be urged to consciously promulgate and observe rules and regulations for morally important issues so as to involve an ever expanding circle of people in building spiritual civilization. In this way social mores are expected to be fundamentally improved.

Investment in various cultural undertakings will be increased and systematic cultural education popularized.

More importantly, further efforts will be made to educate the whole nation, particularly the cadres and the young, in Marxism-Leninism and Mao Zedong Thought, in the party's programme, in revolutionary traditions as well as in Chinese history.

All citizens will be urged to be conscious of their rights, duties and ethics. Education in professional responsibility, integrity and discipline will be conducted in all trades and professions.

Sustained education will enable the people to enhance their communist consciousness and guard against the influence of capitalist ideas.

Through the concerted efforts of the entire nation, China will steadily increase its material wealth and will bring up generation after generation of people with high communist values. This is not only our wish. It is a goal we aim at in our socialist modernization drive.

CSO: 4000/127

## PARTY AND STATE

### HEILONGJIANG CPPCC COMMITTEE RESOLUTION DESCRIBED

Harbin HEILONGJIANG RIBAO in Chinese 26 Jan 83 p 2

[Article: "Heilongjiang Fourth CPPCC Committee Fifth Session Passes Resolution of 25 January 1983"]

[Text] After the 11th Congress of the Chinese Communist Party, The Fifth Session of the Fifth National People's Congress and the Fifth Session of the Fifth Chinese People's Political Consultative Conference people throughout the country showed complete confidence in carrying out the new constitution, implementing the "Sixth Five-Year Plan" and in overall creation of new conditions in carrying out socialist modernization. The Fifth Session of the Heilongjiang Fourth CPPCC Committee was convened under these brave new conditions. The Committee listened to a report from Zhang Ruilin [1728 3843 7792] of the CPPCC Committee and vice-chairman of the provincial CPPCC committee on the spirit of the Fifth National People's Congress and the Fifth Session of the Fifth CPPCC. The Committee considered and approved the Standing Committee Work Report presented by Vice-Chairman Tang Liandi [0781 6674 4574] and it considered and approved a report by Vice-Chairman Jin Langbai [6855 3186 4101] on the committee's handling of proposals. The committee members attending this session sincerely studied the "Constitution of the People's Republic of China," and the "Report on the Revised Draft of the Constitution" by Comrade Peng Zhen; they studied Premier Zhao Ziyang's report on the Sixth Five-Year Plan and the "Sixth Five-Year Plan of the National Economy and Social Development on the People's Republic of China"; they studied Chairman Deng Xiaoping's report on the Fifth Session of the Fifth CPPCC and the "Regulations of the CPPCC"; and they listened to Comrade Liu Lantao [0491 3482 3447] explain the "Revised Draft of the CPPCC Regulations." The committee members attending were high-spirited, carried out serious studies, had enthusiastic discussions, showed lively thoughts and conducted free-ranging talks. They all showed unanimous strong support of the "Constitution of the People's Republic of China," Comrade Zhao Ziyang's report on the Sixth Five-Year plan and the "CPPCC Regulations" and all of the reports and resolutions passed by these two groups. They also resolved to steadfastly carry them out.

The committee believes that the new constitution is an historical document of greatest importance. The four basic principles are its guiding ideology and it is a summation of our historical experiences since the founding of the nation. It is the application of our fundamental national laws in an affirmation of the results of the restoration of order from chaos since the Third Plenum of the Eleventh Party Congress and an affirmation of general tasks proposed for the Chinese people by the Twelfth Party Congress as well as a reliable guarantee for the monumental program proposed by the Twelfth Party Congress. The constitution reflects the common will and basic interests of all the Chinese people, it is the highest authority and the greatest legal power, it is the nation's general program for ruling the country and making peace in the new period and it provides the basis for activities by the nation's organs and armed forces, all political parties and social groups and for all organizations, enterprises and endeavors. Genuine implementation of the new constitution will provide basic guarantees for long-term peace and prosperity and for the overall beginning of a new situation in building socialist modernization. The committee believes that the new constitution provides the basic principles for all actions by the CPPCC and that throughout the province all levels of the CPPCC, all democratic parties and all concerned people's groups must closely unite to study the documents of the Twelfth Party Congress, sincerely organize their own membership to study, popularize and carry out the new constitution and be examples of respect and support for the new constitution. Moreover, in carrying out the new constitution, the CPPCC must exercise the democratic role of providing supervision and it must struggle against all actions which violate or attack the new constitution in order to make a contribution to its implementation.

The committee believes that the "Sixth Five-Year Plan" is a positive, reliable one which can be implemented by making an effort and that it is the primary blueprint for carrying out the program decided upon by the Twelfth Party Congress. Thorough implementation of this plan is an excellent foundation for quadrupling our gross national product in industry, agriculture and commerce by the end of the century. Our province is on the country's northern border and is an major industrial and agricultural base. It has an extremely important strategic location and has a pace-setting role in carrying out the nation's "Sixth Five-Year Plan." The shape of developments in our political economy are very encouraging to the people and we must go forth from our present victories in a struggle for new victories. All levels of CPPCC organs must work under the guidance of all levels of the party committees to closely join with the concerned units in actively developing assorted activities in order to carry out educational work regarding the plan, complete our provinces's plan for the national economy and make a contribution toward completing our Sixth Five-Year Plan.

The committee believes that the new regulations passed by the Fifth Session of the Fifth CPPCC applied the spirit of the Twelfth Party Congress as its guiding ideology and applied the principles of the constitution in summing up historical experiences and eliminating "leftist" influences and also believes that that this is the correct program for CPPCC work in the new historical period. Diligent study, popularization and implementation of the new regulations will definitely stimulate and promote the enthusiasm and initiative of the provincial level CPPCC, all democratic parties, all the people's groups and all patriots and will be of major significance in opening up a new situation in the work of the CPPCC in the new historical period. To accomplish this, there must be broad study, popularization and implementation of the new regulations, along with increased understanding of the nature, status, role and tasks of the CPPCC in the new historical period. There must be unification of actual work, strengthened research and investigation, study of new situations, resolution of new issues, summing up of new experiences and attainment of new levels of performing CPPCC work and developing new conditions.

The committee believes that carrying out the general tasks of the new period is a new important task which this historical period has thrust upon the Chinese people. All levels of the CPPCC and its committees, all democratic parties and their members and the patriots in all spheres must shoulder heavy responsibilities in constructing a high level of socialist spiritual culture and socialist material culture. All levels of the CPPCC must open broad avenues of communication, broadly develop human talent, use all possible means to thoroughly stimulate the enthusiasm of all nationalities and groups of people, thoroughly apply the specialties and functions of committee members, and enthusiastically carry out assorted special investigation and consultative tasks in order to make a contribution to building the four modernizations. The intellectuals are a reliable source of strength in the endeavor to construct socialist modernization. Bold measures must be taken to utilize the intellectuals, make progress in motivating their enthusiasm and giving full vent to their role in constructing socialist modernization. This is a major task of our times. All levels of the CPPCC must make intellectual work into a priority task and constantly be concerned about and understand the intellectuals, especially the conditions and issues for middle aged intellectuals. The role of older intellectuals must be continually emphasized and utilized and a great effort must be made to coordinate all concerned departments in implementing the policy on intellectuals and correctly resolving the intellectuals' problems such as political progress, assignments, work conditions and livelihood compensation in order to create better conditions for utilizing their knowledge and strength. All levels of the CPPCC must emphasize construction of socialist spiritual civilization and actively carry out popularization and educational work. The members of the CPPCC, including party factions, groups

and individuals, must all incorporate the demands and regulations of the constitution and the CPPCC regulations which are involved with construction of socialist spiritual civilization into all aspects of their work and each activity of their personal lives. There must be thorough utilization of the committee members' role in developing all aspects of our cultural, educational, scientific and technological endeavors. Full use should be made of the CPPCC members in actively carrying out popularization and education of revolutionary ideals, morality and discipline. Promotion of the "five particulars and four points of beauty" movement, "promoting savings," and opposing extravagant marriages; advocating male-female equality, showing respect for old people and opposing prejudice and mistreatment of old people and women; promoting belief in science and opposing feudal superstition; promoting healthy cultural pleasures and opposing gambling in order to make a basic turn for the better in the social mood. They must respond to the call made by Premier Zhao Ziyang at the Fifth Session of the Fifth NPC on the revolutionary spirit of Jiang Zhuying [5592 4591 5391] and Luo Jianfu [5012 0256 1133] who sacrificed themselves for the long-term goal of building the socialist homeland, demonstrate the lofty moral quality of placing national interest first and whole-heartedly sacrifice all of one's strength in making a contribution to the endeavors of socialist construction.

The committee believes that institutional reform and reforms in all other areas are a major guarantee for realizing success in construction of socialist modernization and are issues which are related to the success or failure of our endeavors. Implementation of the four modernizations requires the completion of a series of reforms and they moreover permeate the entire process of the four modernizations. These reforms actually are a revolution which will make production relationships more responsive to the production forces and the superstructure more responsive to developmental needs of the economic foundation. We must be determined to carry out the reforms and resolutely support organizational reforms and reforms in all other areas. Throughout the province all levels of the CPPCC, all party factions, all people's groups and all individuals must work under the leadership of all levels of party committees and follow the unified command of the provincial party committee in actively participating in all areas of reform, show extreme enthusiasm, apply previously unattained creative spirit, become thoroughly involved in reform work, stand in the forefront of reform and contribute our knowledge and intelligence to formulate concrete proposals for reforms and carry out these reforms.

The committee enthusiastically responded to the call made by Deng Xiaoping, the Chairman of the CPPCC, to unite in a common struggle to create new conditions for building socialist modernization, create new conditions in a patriotic united front and create new conditions in the work of the CPPCC. We must resolutely carry out

the principles of "longterm coexistence and mutual inspection," "show utter devotion and share in the honor or disgrace," sincerely carry out the policies, readjust the various relationships within the united front and solidify and develop the patriotic united front. A variety of forms must be used to make progress in developing the role of the CPPCC in political consultation and democratic supervision, assisting the party and the government in improving their work and improving work efficiency. We believe that if only we can have the line and directives of the Twelfth Party Congress and the guidance of the Chinese Communist Heilongjiang Province Party Committee in bolstering our spirits, becoming unified, making a coordinated effort, realistically carrying out the new CPPCC regulations, being more realistic in our work and strengthening our research and investigative efforts, then, our province's CPPCC definitely can produce a new situation of great vitality. Let us energetically struggle together to carry out these three great tasks of the 1980's, complete the general tasks of the new period, make three basic turns for the better in five years, implement the new constitution, carry out the "Sixth Five-Year Plan," complete our province's national economic plan and complete all other tasks!

11582

CS0: 5005/769

## PARTY AND STATE

### INDIVIDUAL RESPONSIBILITY SYSTEM BEING IMPLEMENTED

Jinan DAZHONG RIBAO in Chinese 11 Mar 83 p 1

[Report by Hu Yufa [5170 3768 4099] and He Rongde [0149 2837 1795]: "Heze Regional Intermediate People's Court Implements Individual Responsibility System in the Handling of Cases"]

[Text] The Heze Regional Intermediate People's Court, in carrying out its administrative reform work, has implemented the individual responsibility system in the handling of cases; its institutional operation has as a result taken on a brand new outlook, with the efficiency and quantity of its handling of cases conspicuously improved.

As early as 1981, the Heze Regional Intermediate People's Court had already put such an individual responsibility system into effect. In 1982, they went a step further in seeking to have the system perfected and improved, and thereby began to implement the system in the handling of cases. For the eight tribunals, sections and offices of the court and its criminal, civil, and economic trials, all were given clear spheres of responsibility. After thorough discussion by cadres and policemen of the whole court, 168 articles of the "Temporary Regulations Governing the Spheres of Responsibility of All Tribunals, Sections, and Offices," 33 articles of the "Archives Work Management Regulations," and 14 articles of the "Institutional Operations Management Regulations for the Intermediate Court" were formulated. These articles were typed or printed and collected in one volume, [a copy of] which was distributed to everyone. According to these regulations, all 120 cadres and policemen of the court, ranging from the president and vice presidents of the court to the judicial police and clerks, are required to practice the "four fixes and one contract"--that is, their tasks are fixed, their working periods are fixed, certain personnel are fixed for certain work, and the quantity of their work is fixed; therefore, all must perform their respective share of work until it is accomplished. Also implemented were monthly inspections, seasonal appraisals, and half-yearly summations, plus yearend overall appraisals. Those who perform well are commended, and those who fall behind are criticized. Thus rewards and punishments are unequivocally meted out, and these are also used as the basis for considering the promotions, wage adjustments, and employment of the cadres and policemen involved.

After this individual responsibility system in the handling of cases was put into effect, cadres and policemen all gave scope to the mobility of their



subjectivity, managed their time carefully, and did a good job of accomplishing their tasks. In the court's trial work, "two improvements" appeared last year. One was an improvement in the ratio of cases completed, while the total number of cases accepted increased by a large margin. In criminal tribunal No 1, the ratio of various first-trial criminal cases completed reached as high as 92 percent of the total, and in criminal tribunal No 2, as many as 95.1 percent of the total number of cases were completed. The other improvement was in the quality of such case-handling work. Of the criminal, civil, and economic cases tried, there was no appeal; after the current criminal cases were adjudicated at the completion of the first trial, there were no protests. Only a very few of the civil cases handled by way of mediation were upset; they made up only 3.5 percent. After this individual responsibility system in the handling of cases was put into effect, the sense of organization and discipline on the part of the cadres and policemen was strengthened; the trend toward study of current policies and laws, business and technology became accentuated; the court's operational style took on a new outlook; and the level of the handling of its cases became higher and higher. In January of this year, trial officer Xu Dexue [6079 1795 1331] handled a major murder case. He examined pertinent documents day and night, called forth the defendant for questioning, inspected the scene of the crime, verified evidence, and in every respect his work was done in a most careful way. Thus it was possible for him to proceed quickly with the public trial and announce the public verdict. From the receipt of the complaint to the announcement of the public verdict, this case took only 13 days.

9255

CSO: 4005/754

## PARTY AND STATE

### CORRUPTION IN HOUSING MANAGEMENT OPENLY REBUKED

Jinan DAZHONG RIBAO in Chinese 22 Mar 83 p 1

[Report by staff correspondent: "Provincial Commission for Inspection of Discipline Issues Circular on Conscientiously Implementing 'Open Letter' of Central Commission for Inspection of Discipline; Determine To Stop Unhealthy Practices on the Part of Party Members and Cadres in Housing Construction and Distribution"]

[Text] The inspection committee of the provincial Commission for Inspection of Discipline recently issued a circular asking party committees and commissions for inspection of discipline at all levels, as well as various people's groups throughout the province, to conscientiously implement the open letter issued by the central Commission for Inspection of Discipline to leading cadres of all levels in the nation's party and government organs and private enterprises, as well as public agencies, so as to resolutely stop the unhealthy practices on the part of party members and cadres in housing construction and distribution.

The circular points out that during the past few years, party organizations and party discipline inspection departments in not a few regions and units have followed the directives of the party Central Committee and the State Council and have proceeded to inspect and deal with unhealthy practices on the part of party members and cadres in housing construction and distribution. They have already achieved definite results in this regard. However, this unhealthy trend has not yet been fully brought to a halt. The problems pointed out in the "Open Letter" of the central Commission for Inspection of Discipline still exist in differing degrees in various regions of our province, and in some regions they are still rather serious. This has been strongly reflected among the vast ranks of the masses and as a result has damaged the relationship between the party and the masses. We must resolutely correct and stop such practices.

The circular asks that party organizations of party and government organs at all levels and of private enterprises and public agencies transmit intact to all party members and cadres the "Open Letter" of the central Commission for Inspection of Discipline, conscientiously organize study and discussion, enhance their perception of the serious harm of this unhealthy trend in housing construction and distribution, enhance their consciousness in their efforts to correct this unhealthy trend, and strengthen their sense of responsibility in

carrying out struggles against this unhealthy trend. Party organizations at all levels must grasp as a key task in our current attempt to rectify our party workstyle and improve the relationship between the party and the masses this rectification of unhealthy practices on the part of party members and cadres, especially leading cadres, in housing construction and distribution. Before the end of April this year, they all must seriously inspect the problems existing in this regard in the regions, departments, and units under their leadership, and formulate practical and feasible measures for solving them. Inspecting and rectifying this unhealthy trend must begin with the leading organs, with each level handling its own problems, and overall responsibilities shared by all levels, so as to have the whole hierarchy covered from top to bottom. In the first half of this year, we must first of all inspect clearly the problems vis-a-vis cadres of county bureau and section level and above and leading cadres in charge of housing management. Problems involving cadres at the level of deputy secretaries of county party committees, county governors, chiefs of regional and municipal bureaus, and deputy chiefs of divisions of organs directly under the province and above must be reported upward to the provincial Commission for Inspection of Discipline. In the case of problems uncovered through inspection, efforts must be made to follow pertinent regulations in dealing with them household by household, with a view to basically finishing dealing with them prior to our party rectification drive. The circular asks leading organs and leading cadres at all levels to set individual examples in the rectification of this unhealthy practice in housing construction and distribution in order to play their due exemplary roles. Party committees at all levels must convene a meeting on democratic life to study the "Open Letter" of the central Commission for Inspection of Discipline. Every party committee member must carry out an inspection against the requirements of the "Open Letter." If problems are found in any of the five aspects pointed out by the central Commission for Inspection of Discipline, criticism and self-criticism sessions must be launched accordingly, so as to have [the problems] corrected with a given time limit. Absence of struggle and of proper measures after problems are discovered constitutes a dereliction of duty; purposeful support, shelter, and condonement of such unhealthy practices will be punished as instances of violation of party discipline. All those units and comrades who have made mistakes in the management of housing construction and distribution but who are able before 1 July of this year to take the initiative in sorting matters out themselves, in profoundly examining themselves, in making relevant financial repayments, and in returning any excessively occupied housing or land will be treated with leniency or exempted from prosecution. But if they adhere to their mistaken practices or continue to repeat them, or if they retaliate against comrades who have inspected and exposed such unhealthy practices, once uncovered, they must be doubly punished. Meanwhile, as for those fine units and individuals that have adhered to principles, served their offices with honesty, and abstained from seeking private gains in housing construction and distribution, they should be commended with fanfare. Discipline inspection organs at all levels must take the halting of this unhealthy trend in housing construction and distribution as a key task this year, especially in the first half-year, and earnestly handle it well.

## PARTY AND STATE

### HUBEI MAKES PROGRESS IN FIGHTING ECONOMIC CRIMES

Beijing RENMIN RIBAO in Chinese 9 Apr 83 p 4

[Report by Liu Heng [0491 5899]: "Hubei Makes New Progress in Cracking Down on Economic Crimes"]

[Text] Since the overall crackdown on criminal activities in the economic realm began in Hubei Province last year, as of this January 10,627 cases of economic crimes have been exposed and 6,897, or 65 percent of the total, have been closed. In these cases, 1,365 persons have been sentenced, 457 party members who were involved have been expelled from the party, and 14.01 million yuan in stolen money and goods have been recovered.

Sixty percent of the total number of these economic cases involved corruption and bribery. Others included swindling at every opportunity, fraudulent purchases and resale, smuggling and tax evasion, and neglect of duties. Some criminal elements illegally engraved seals, falsified documents, and organized cliques to cheat people. Some took advantage of the chaos in capital construction and enterprise management and fished in troubled waters. Some even used the pretext of "jointly run factories" with state-operated enterprises and collected funds to run their own factories and conduct criminal activities.

At the provincewide discipline examination work conference held in the early part of April, the representatives pointed out that there are close ties between economic criminal activities and unhealthy tendencies within the party, and that lawless elements take advantage of unhealthy tendencies which in turn cover up economic criminal activities. The present struggle that is being waged is an important measure for realizing a basic improvement in party work-style. In the future we should overcome the mood of slackness and war-weariness and make repeated efforts. First of all we should deal with those cases which do more damage, create ill effects, and involve leading cadres by making a thorough investigation and prompt resolution and by unswervingly carrying this struggle through to the end.

9586

CSO: 4005/700

## PARTY AND STATE

### COUNTY PARTY COMMITTEE SECRETARY DISCIPLINED

Guangzhou NANFANG RIBAO in Chinese 25 Mar 83 pp 1, 3

[Report: "For Investigating the Masses Who Had Reported Conditions to the Party and [Thereby] Seriously Violating Party Discipline and the Legal System, Yingde County Party Committee Secretary Bai Qingqiang [4101 3237 1730] Is Given Intraparty Disciplinary Warning; CPC Guangdong Provincial Commission for Inspection of Discipline Issues Circular to Party Organizations Throughout the Province on the Matter"]

[Text] In serious violation of democratic practice and the legal system, Yingde County Party Committee Secretary Bai Qingqiang pursued, through an investigation, the masses who had reported conditions to the party. This incident has most recently been disposed of by the higher level party committee. The Shaoguan Prefectural Party Committee, after submitting a report to obtain the consent of the provincial party committee, has given Comrade Bai Qingqiang an intraparty disciplinary warning. The Guangdong Provincial Commission for Inspection of Discipline has issued a circular on the matter to party committees and commissions for inspection of discipline at the county level and above in order to ask party organizations and leading cadres at the various levels to absorb some lessons from this incident in order to enhance their party character, improve their perception of the law and discipline, and prevent the recurrence of similar incidents.

On 11 November 1982, the editorial department of NANFANG RIBAO published in an internal publication the data "On the Yingde County Party Committee Secretary's Employing Instruments of Dictatorship in Order To Pursue Readers Who Have Reported to This Newspaper Office on Conditions." Thereafter, on 4 January of this year, NANFANG RIBAO further published readers' letters and reporters' "Accompanying Notes on the Investigation," plus a commentator's article entitled "Which Is Bigger, the Constitution or the County Party Committee?" All of these [reports] exposed Comrade Bai Qingqiang's erroneous conduct publicly without naming him. The provincial party committee and provincial Commission for Inspection of Discipline attached great importance to this matter and directed the Shaoguan Prefectural Commission for Inspection of Discipline to investigate and handle it accordingly. The Shaoguan Prefectural Commission for Inspection of Discipline sent a work team to conduct an investigation, which proved that Comrade Bai Qingqiang had made the mistake of "employing the instruments of dictatorship" to pursue the letter writers through an investigation. (Editor's note: In its report on this matter, this newspaper, because of its less than sufficiently careful investigation, erroneously mistook the

county public security personnel who went to the county grain bureau to pursue the investigation as being personnel from the country procuratorate; this [mistake] is hereby corrected, and our regrets are also hereby accordingly expressed to the comrades of the Yingde County procuratorate.) The prefectural Commission for Inspection of Discipline held that the nature of Comrade Bai Qingqiang's mistake is serious and not allowed by party discipline or the laws of the state. It had already on 2 February 1983 submitted to the provincial Commission for Inspection of Discipline its report on the results of the investigation and its views on dealing with it. The provincial Commission for Inspection of Discipline points out in its "Circular": The Yingde County Party Committee's pursuit, by means of an investigation, of the letter writers who had reported conditions to NANFANG RIBAO "constitutes erroneous conduct that is in serious violation of our socialist democracy and legal system and cannot be allowed by our party discipline or the laws of our state." The Shaoguan Prefectural Party Committee decided that it is necessary to give a disciplinary warning to the Yingde County Party Committee secretary, Bai Qingqiang, who is mainly responsible. The "Circular" asks party organizations at various levels, especially leading cadres, to absorb profound lessons from this incident:

1. They must earnestly give scope to the party's democratic workstyle and correctly handle criticism by the masses. Our party Constitution and state Constitution provide, respectively, that all our party members and citizens enjoy full democratic rights. When the vast ranks of the masses can look after the affairs of state in the spirit of being masters in their own house and dare to put forward criticism on certain defects and mistakes in our work, this is a fine thing. We communists should feel elated and adopt an attitude of welcoming it with utter pleasure, and definitely should not reject under any pretext the criticism of the masses of the people, or even pursue them through an investigation and suppress them. With respect to criticism by the masses, ours must be an attitude that if what they criticize is true, we make corrections accordingly, and if what they criticize is not true, we strive to do better accordingly. It is impermissible to think that, "like the tiger's tail, it is untouchable," so that once a critical view is heard one begins to jump. One must still less resort to emotional outbursts and confuse the boundaries between good-natured criticism and malicious slander and unjust accusation. This is an important lesson from the mistake committed by Comrade Bai Qingqiang and others.

2. Party organizations at various levels and all Communist Party members must establish firm legal concepts and become model, law-abiding guides. Our party Constitution clearly provides: "The party must conduct its activities within the limits of the Constitution and the law." Party organizations at all levels and every Communist Party member must have firm legal concepts. All their words and deeds must meet legal requirements so they can take the lead and become law-abiding models. Leading cadres at the various levels all the more have the great responsibility of maintaining our law and discipline and must operate according to legal requirements; they must never abuse their office and power in violation of law and discipline. Public security departments are the organs of our democratic dictatorship that maintain our social order and security, protect our people, and crack down on hostile elements. Civilian inspection for the sake of public security is a means of struggle against the enemy, and it must be used correctly. In sending public security personnel at random to look

into the letters the masses had written to the newspaper office to reflect conditions, and even sending people to higher level public security organs to ask for handwriting verification, not only did comrades like Bai Qingqiang confuse the boundaries between the contradictions of two different phenomena, but theirs was conduct that violated the law and encroached upon the citizens' legitimate rights. Hence it was utterly wrong. This is the second lesson we should absorb.

3. Communists must operate according to the principles of our party character and must struggle against various erroneous ideas and deeds. Democratic centralism is our party's organizational principle. Within party committees at all levels, all major questions must be decided upon only after democratic discussion and the gathering of correct views. Questions cannot be decided upon just by virtue of the personal likes and dislikes and will of individual leaders or a part of those concerned. From the very beginning, comrades like Bai Qingqiang and others had an incorrect view and feeling toward the letter written to NANFANG RIBAO by "Xiangping [6116 1627] and other comrades." When this letter was discussed at a meeting of leading cadres at the county party committee standing committee and deputy county governor level and above, the other comrades failed to adhere to their party character principles and therefore made the erroneous decision to pursue the letter writers by means of an investigation. From this incident that took place in Yingde, we can see that in a party organization, the ideas, words, and deeds of its chief responsible person play a great role as to whether or not that collective can realize correct leadership. Therefore, the chief responsible person of a party committee must exert himself in study, keep a clear mind, strictly carry out democratic centralism, refrain from resorting to "what I say goes," resolutely operate according to the requirements of the party Constitution and the "Guiding Principles," and correctly fulfill his duties. The other leading members must also give full scope to their own roles and fulfill their respective responsibilities.

9255

CSO: 4005/759

## PARTY AND STATE

### ANHUI'S WUHE COUNTY PREPARES FOR PARTY RECTIFICATION

Beijing RENMIN RIBAO in Chinese 11 Apr 83 p 3

[Report by Jiang Zhimin [5592 1807 2404]: "Make Ideological Preparations for Overall Party Rectification; Wuhe County Promotes Activities in Evaluating Party Members"]

[Text] To do well in making ideological preparations for overall party rectification, the party committee of Wuhe County in Anhui Province has promoted activities in "evaluation of party members" that have been very beneficial.

The evaluation activities, which began last November, mainly involve measuring oneself by the new party Constitution and promoting the "six checks": check to see whether one's belief in communism is firm, whether one is maintaining political consistency with the Party Central Committee, whether one is serving the people wholeheartedly, whether one is taking the lead in completing the tasks handed down from higher authorities, whether law and discipline are observed, and whether one dares to struggle against unhealthy tendencies. Evaluation is based on study of the new party Constitution, with each party member writing a "self-appraisal" which is then discussed, criticized, and self-criticized among party members. Finally the party branch will make an appraisal and require "unqualified" party members to correct themselves within a prescribed period of time.

Responsible comrades of the party organization at all levels have taken the lead in the evaluation activities. The secretary of the county party committee and other members of the standing committee all have reported as ordinary party members on their own ideology and work to the small party groups, and have listened to the criticism and views of others.

The evaluation is continuing in a "gentle and mild" manner, is aimed at helping those being evaluated, and is stressing ideological education. A party member of the county's young plant nursery used to indulge in eating and gambling and did no work. In attending this evaluation, he was ready to "suffer rectification." However, the party members did not "rectify" him but solemnly criticized his mistakes and sincerely put their hopes in him in order to make him learn.

Through evaluation, party members of the whole county have extensively received a profound education; a minority of backward party members have been stirred even more. Seven party members of the Baidun Commune had committed serious mistakes such as gambling and were classified as "unqualified" party members during the evaluation. Recently they have evidenced a distinct change.



## PARTY AND STATE

### DEMOCRATIC CONSULTATIVE CONFERENCE HELD IN GUANGDONG

Guangzhou NANFANG RIBAO in Chinese 1 Apr 83 p 1

[Report: "CPC Guangdong Provincial Committee Holds Democratic Consultative Conference; Follows the Principles of Giving Scope to Democracy, Strengthening Unity, and Making Uniform Plans, Comprehensive Considerations, and Overall Arrangements in Carrying Out Consultations With the Responsible Persons of Various Democratic Parties and Groups and People's Groups Concerning the Question of Nominees for Leadership Posts in the Next Standing Committee of the Provincial People's Congress, the Provincial Government, and the Provincial Political Consultative Conference"]

[Text] On 29 March, the Guangdong Provincial Party Committee convened a democratic consultative conference and invited responsible persons of various democratic parties and groups, nonparty patriotic democratic personages, and responsible persons of various people's groups to carry out democratic consultations concerning the question of candidates for the election at the First Session of the Sixth Provincial People's Congress and the First Session of the Fifth Provincial Political Consultative Conference. [Those to be elected are] the chairman, vice chairmen, and members of the Standing Committee of the Provincial People's Congress, the provincial governor, deputy governor, chairman and vice chairmen, standing committee members and secretary general of the Provincial Political Consultative Conference, president of the superior provincial people's court, presidents of the intermediate provincial people's courts, procurator of the provincial people's procuratorate, procurators of branches of the people's procuratorate, and delegates from Guangdong Province to attend the Sixth National People's Congress.

The atmosphere at the conference was very warm, as it gave scope to democracy and let everyone speak his mind freely and fully express his views. After consultation, it was agreed that the list of candidates should be turned over to the delegates of the First Session of the Sixth Provincial People's Congress and the committee members of the First Session of the Fifth Provincial Political Consultative Conference for them to exchange views, examine [the list], and ultimately carry out the elections.

First Secretary Ren Zhongyi [0117 0112 1138] of the Guangdong Provincial Party Committee presided over the conference and delivered a speech at the conference. Comrade Ren Zhongyi said: The First Session of the Sixth Provincial People's Congress and the First Session of the Fifth Provincial Political Consultative

Conference must respectively elect and decide on the chairman, vice chairmen, and members of the Standing Committee of the Provincial People's Congress, the governor, deputy governors, the president of the superior provincial people's court, the procurator of the provincial people's procuratorate, as well as the chairman, vice chairmen, and standing committee members of the Provincial Political Consultative Conference. This is a big event in the political life of our province. The policy on personnel arrangements of the Sixth Provincial People's Congress and the Fifth Political Consultative Conference is to make uniform plans and comprehensive considerations and overall arrangements. In order to attain these goals, we must exchange our views fully, gather the beneficial ideas of everyone, listen to the views of various circles, and listen to the views of the various democratic parties and groups, nonparty patriotic democratic personages, and responsible persons of the people's groups in conducting our democratic consultations.

Comrade Ren Zhongyi said: Last year, the Central Committee of the CPC issued a circular on the personnel arrangements of the Sixth People's Congress and Sixth [sic] Political Consultative Conference and on the question of staffing the leading groups at the provincial level. On the basis of the spirit of this Central Committee circular, the provincial party committee, in order to do a good job in this personnel arrangement task, last September established a working organ on such personnel arrangements, and this organ conscientiously and carefully did a great deal of work on the question of personnel arrangements. Last October, the provincial party committee convened at different locations meetings of secretaries of commissions and offices of departments directly under the jurisdiction of the province, various divisions and bureaus, as well as regional party committees in order to hear their opinions and mobilize them to recommend candidates. More than 800 comrades participated in these meetings. The present list of candidates to be negotiated was proposed after repeated study by the provincial party committee while following the mass line.

Comrade Ren Zhongyi expressed the hope that everybody would express his views fully and speak his mind freely.

Secretary Wang Ning [3769 1380] of the provincial party committee provided an explanation of the list of candidates.

Comrades attending the consultative conference seriously discussed the list of candidates to be negotiated, taking this list as something that had been proposed only after investigation and study, after plenty of work had been done, and on the basis of abiding by the mass line, and as something that embodied the requirements for revolutionary, younger, more knowledgeable, and more professional personnel.

At the conclusion of the conference, Comrade Ren Zhongyi said that this democratic consultative conference had been conducted very well and that everybody had expressed many fine views. He therefore expressed thanks to the participating comrades.

Attending this consultative conference were:

Responsible persons of the CPC Guangdong Provincial Committee, provincial advisory committee, provincial people's congress standing committee, provincial political consultative conference, and provincial military district: Ren Zhongyi, Li Jianzhen [2621 1017 4176], Xie Fei [6200 7236], Wu Nansheng [0702 0589 3932], Wang Ning, Yin Linping [2651 1627 1755], Kou Qingyan [1379 1987 1639], Yang Yingbin [2799 2019 1755], Qu Mengjue [0575 1125 6030], and Xiong Fei [3574 7378].

Responsible persons of the provincial Kuomintang Revolutionary Committee Xiao Junying [5135 7165 5391], Fang Shaoyi [2455 1421 6654], He Paosong [0149 1405 2646], and Lin Yiyuan [1627 0001 0337].

Responsible persons of the provincial Democratic League Lo Xiongcai [5012 7160 2088], Wang Qi [3769 6386], Guo Qiaoran [6753 5062 3544], Yang Kuizhang [2799 1145 4545], and Hu Weifu [5170 0251 1133].

Responsible persons of the provincial Democratic National Construction Association and Federation of Industry and Commerce Guo Dihe [6753 2769 3172], Chen Zibin [7115 1311 1755], Chen Zhupei [7115 4371 3099], Diao Zhaofen [0431 3113 5358], Chen Yanwen [7115 8827 2429], Zhang Shiqian [1728 0099 7505], and Shen Yongchun [3088 3057 2797].

Responsible persons of the provincial Workers' and Peasants' Democratic Party Chen Yilin [7115 0122 1627], Wei Rixin [2734 2480 2450], Zhang E [1728 1494], and Wei Jianxian [7614 7003 6343].

Responsible persons of the provincial Jiu San Society Huang Youmou [7806 0645 6180], Xu Xiankong [1776 6343 1872], Ye Peihua [5509 0160 5478], and Zhong Ling [6945 7792].

Responsible person of the Zhi Gong Dang Wu Juetian [0124 6030 1131].

Responsible persons of the provincial Taiwan Democratic Self-Government League Li Chen [2621 6591], Zheng Jingying [6774 2533 3853], and Xu Jinxing [1776 6651 2502].

Nonparty patriotic democratic personages Lo Jun [5012 3182], Zeng Tianjie [2582 1131 4634], Zhang Bochuan [1728 0130 2938], Cheng Yiming [4453 0001 7686], Zeng Zhaoke [2582 2507 4430], and Huang Yaoxiang [7806 5069 4382].

Responsible provincial Overseas Chinese Federation members Xu Congde [6079 1504 1795] and Xue Liangqing [5641 0357 3237]. Personages of religious circles Xiong Zhenpei [3574 4176 3099] and Ma Deguang [7456 1795 0342].

Responsible persons of pertinent departments under the direct jurisdiction of the province and workers, peasants, youths, and women also attended the conference. A total of 59 persons participated in the conference.

## PARTY AND STATE

### NEW GOVERNMENTS FORMED IN 4 MINORITY REGIONS

OW291948 Beijing XINHUA in English 1938 GMT 29 Mar 83

[Text] Beijing, April 29 (XINHUA)--New chairmen and vice-chairmen have been elected to lead the people's governments of the Tibet, Xinjiang Uygur, Inner Mongolia and Ningxia Hui Autonomous Regions. This was announced today at these regions' people's congresses.

The six new leaders of Tibet are all Tibetans but one of the Han nationality. Doje Cedain (Tibetan), a 1949 graduate of Beijing Normal University, was elected chairman. Among the four Tibetan vice-chairmen, Doje Cering is 44, the youngest, and Gyibug Puncog Cedain, was born in a Manorial Lord family, both of them being elected for the first time.

47-year-old Ismail Amat retained chairmanship of Xinjiang Uygur regional government. The leadership consists of seven members with three Uygurs, one Kazak and three Hans. They include a senior engineer and an expert in animal husbandry.

Buhe (Mongolian) is now chairman of Inner Mongolia Autonomous Region. Liu Zuohui, Bai Junqing (Mongolian) and Zhao Zhihong were elected vice-chairmen.

Mongolians now make up 50 percent of the region's new leadership, compared with 37.5 in the previous government. Three of them are university educated.

Hei Boli (Hui) heads the seven-member leading body of the Ningxia Hui Autonomous Region. Of the six vice-chairmen, four are of the Hui minority. The seven leaders' average age is 57.3.

CSO: 4000/127

## PARTY AND STATE

### NEW PROVINCIAL PEOPLE'S GOVERNMENTS ESTABLISHED

OW291938 Beijing XINHUA in English 1926 GMT 29 Apr 83

[Text] Beijing, April 29 (XINHUA)--Another four new people's governments at provincial level were formed today, with the election of governors and vice-governors at the first session of four provinces' sixth people's congresses.

57-year-old Wang Yuzhao was elected governor of Anhui, the major grain-producing province in China. The number of vice-governors was reduced from 13 to five. Their average age also declined, from 63 to 58.

Liang Buting, a former secretary of the Central Committee of the Chinese Communist Youth League, was elected governor of Shandong Province, East China.

Five of his six vice-governors are newly elected, including an engineer-in-chief and a professor. Their average age is 55.3 years old. 9.3 years younger than their predecessors. The number of vice-governors was reduced by eight.

The six-member people's government of Yunnan Province, Southwest China, now includes three college-educated specialists. The newly-elected governor is Pu Chaozhu, 53. The governor and his five deputies average 49.8 years old, 13.2 years younger than the former government.

Quan Shuren, who previously held leading positions in a local steel work, was elected governor of Liaoning Province in the governor and six vice-governors average 55.4 years of age. [sentence as received]

Nearly 20 provinces, municipalities and autonomous regions have now established their people's governments. The people's governments of other provinces and autonomous regions are to be formed in the next few days.

CSO: 4000/127

## PARTY AND STATE

### BENEFITS OF PUBLIC SECURITY RESPONSIBILITY SYSTEM LAUDED

Guangzhou NANFANG RIBAO in Chinese 28 Mar 83 p 2

[Report by Li Liang [2621 0081], Tan Jun [6009 0193], and Zheng Yaochuan [6774 5069 3123]: "Seventy Percent of Production Brigades in the Outskirts of Guangzhou Municipality Establish Public Security Responsibility System; They Are Succeeding in Strengthening Order and Security Organizations in the Countryside and Effectively Forestalling the Rise of Various Criminal Incidents"]

[Text] In the outskirts of Guangzhou Municipality, 70 percent of the production brigades have already established their order and security responsibility system and thereby played their fine role in doing a good job in their order and security work in the countryside.

There are mainly three forms by which the countryside in the outskirts of Guangzhou Municipality is carrying out this order and security responsibility system: One is the implementation of a responsibility system based on an overall contract, with both rewards and punishments. This is done by a production brigade selecting--and the masses therein recommending--order and security personnel to organize an order and security contract team to take the responsibility of enforcing local regulations and agreements among the people and security and order in the district. With respect to cases of theft of collective property, of crops in the field, and of commune members' personal property that occur in its own production brigade, the team undertakes the task of assisting public security organs to crack them. When a case is thus cracked, the thieves are punished according to established regulations, and personnel of the team are given appropriate material rewards. When a case cannot be cracked, personnel of the team undertake to make repayments according to a given ratio. As to the extent of the contract, some cases are contracted as a whole; some are contracted only to cover collective property and crops; some are contracted individually according to seasonal changes. The second [form] is a responsibility system based on fixed rewards plus prizes. This is done by a production brigade transferring some order and security committee members and militiamen to organize an order and security team, which takes the responsibility only of conducting the investigation but not of contracting repayment obligations in cases of theft against collective property, crops, and individual properties of commune members. The third is an arrangement under which an order and security council of the production brigade takes the responsibility of implementation after local regulations and agreements among the people are formulated.

Since the above three forms of the responsibility system have been put into practice, they have reinforced the basic-level order and security organizations in the countryside and effectively forestalled the rise of various criminal incidents. The 18 production brigades in Jiangcun Commune all established their order and security responsibility system at the end of the year before last. Last year, such incidents decreased by 34 percent compared to those in the corresponding period the previous year; in 11 brigades no criminal incident occurred at all. After Fangshi production brigade in Renhe Commune established its order and security responsibility system, only one criminal incident occurred all of last year (already solved)--a decrease of 85 percent compared to the situation in the preceding year. The basic-level order and security organization of Shijing Commune passed a resolution last year to stalk and watch the relevant entrances and thereby succeeded in grabbing 55 law-violating and criminal elements and cracking 16 criminal cases. An escapee from a labor-education camp by the name of Chen Yunkai [7115 0061 7030], after his escape from the Chatou labor-education camp, went to places like Maygang and Shafeng and repeatedly committed thefts; on 23 July last year, when this criminal Chen ventured into Shafeng to practice his art, the order and security council of the production brigade quickly organized an order and security responsibility team to exert itself in chasing and stopping him. Thereby they were soon successful in nabbing him and winding up the case.

9255

CSO: 4005/759

## PARTY AND STATE

### POLITICAL, EDUCATIONAL IMPORTANCE OF ACADEMIC JOURNALS EXPOUNDED

Shenyang SHENYANG SHIFAN XUEYUAN XUEBAO (ZHEXUE SHEHUI KEXUI BAN) [Journal of Shenyang Teachers' College (Philosophy and Social Sciences Edition)] No 1 Mar 83 pp 106-107]

[Article by He Shujiu [0149 2579 0046], "Strengthen the Party's Leadership; Earnestly Do a Good Job of Publishing a Journal"]

[Text] Under the excellent circumstances of people of all ranks of the entire nation immersing themselves in studying the documents resulting from the 12th Party Congress and the 5th session of the 5th People's Congress, and implementing the spirit of those two congresses; and at a time when victory-filled 1982 has just finished and 1983 has just begun, the Higher Educational Academic Journals Society of Liaoning Province is today holding a conference to mark its founding-- a highly significant event. On this occasion, as a representative of the party committee of Shenyang Teachers' College, I would like to express my warm congratulations to the conference, and wish it complete success!

Everyone knows that Shenyang Teachers' College has traveled a rocky road. In 1965 our college had to go down to operate our school in a ravine of Chao Yang Shan and change our name to First Liaoning Teachers' College. After the smashing of the "gang of four," in the winter of 1978, the provincial committee, based on the needs of the growth of education and the actual circumstances of our college, decided to have us resume operation in Shenyang, and to restore our name of Shenyang Teachers' College. At the time, our college was operating at Xing Long Tai Commune, over 40 li from the municipal area, and under the most difficult conditions. There were not enough dormitories; we were short of teachers; transportation was inconvenient; added to which, during the coldest part of the year it was even difficult for the teachers, students, and staff to get boiled water to drink. In short, there really were a lot of problems. In the building that housed the editorial department of our journal there dwelt comrades from other units who went back and forth to work; there was no one to watch over the things belonging to the journal, and losses were serious. The comrades of the journal's original editorial department, except for one person, had gone to their departments to teach, and the work of the journal was in a paralyzed condition. Under these circumstances, the question was, should the journal continue publication or not? How was it to be continued? Some comrades considered that in such a difficult place as Xing Long Tai, where capital was scarce and printing arrangements had not yet been made satisfactorily, and at a



time when new personnel had not yet been assigned, it would be better to wait before reaching a decision. The party committee, on the other hand, considered that there was an important connection between having an academic journal and doing a good job of running a school, and also an intimate connection between such a journal and the scientific research of the college. Scientific research serves to advance teaching, and teaching serves to advance scientific research. If teachers merely engage in teaching, ignore or do not engage in scientific research, and only impart the knowledge that already exists in the textbooks, then it will be hard for the quality of education to be improved. Only through scientific research can we enrich the content of teaching, continually supplement it, and renew our knowledge. An academic journal is a tool for circulating these results, a forum for academic contention, and also a nursery for discovering and nurturing talent. After the party committee fully recognized the journal's important position and role, it resolved to transfer to it the required capable cadres, and at the end of May, 1979 set up a new editorial department. We have also frequently listened to the editorial department's reports, sought out editors for discussions, stabilized their ideological mood, and mobilized their enthusiasm for publishing the journal. That first year, the journal was printed and published in Liaoxi, Jian Chang County, and was not only not published behind schedule, but also put out the Supplemented First Issue which was very well received both within and outside the college.

There is a very great connection between the work of the editorial staff and the size of the journal's role in promoting the building up of the school academically. Without heightening the political-ideological awareness of the editors, a good job of publishing the journal cannot be done. The party committee is constantly concerned about whether the journal's political ideology is consistent with that of the party Central Committee, whether its academic standpoint is correct, and whether its layout and articles are appropriate. The editors are asked to study and circulate among themselves all relevant documents of the Central Committee and important newspaper and magazine articles with a view to heightening their theoretical understanding. Particularly at some important, crucial turning points in the situation or in the tasks required, as for example, when, after the Third Plenum of the 11th Central Committee, the party Central Committee proposed the maintaining of the four basic principles; when it opposed bourgeois liberalism; when the study and implementation of the Sixth Plenum's resolutions regarding certain historical questions and of the documents resulting from the 12th People's Congress were being proposed, we are all more concerned about the journal than at any other time in the past, strengthen our leadership, make arrangements for them to study conscientiously, and supervise and urge them on, enabling them to resolutely maintain unanimity with the Central Committee in their theoretical understanding and ideological viewpoints and not be disturbed by mistaken ideological currents or erroneous tendencies. With regard to some articles that are not consistent with the guiding principles and policies currently in effect, we of the party committee all seek out their authors for discussions, and convince and educate them. Regarding some problems that we should be on our guard against, we are all the more careful to awaken the editors of the journal to them, taking care to help them form general conclusions from the experience and lessons of the past, and

maintain a correct direction for editorial policy. The erroneous articles published by the journal of Nanjing University, and Bas Hua's volume of screen-plays "Bitter Love," have produced an extremely bad influence on society, and all of us on the party committee, in accordance with the Central Committee's directives, strictly supervise the journal and urge it on to follow, absolutely unwaveringly, the General Committee's guiding principles and policies.

In order to strengthen the leadership of the journal, one must have a definite system, and concrete measures, and it will not do to operate on the basis of vague generalizations. As an academic journal of social sciences, although it does not represent party and government organizations in issuing directives and explaining policy, nevertheless from the angle of academic research, it is closely bound up with the political situation of the entire country, explores the objective laws of the life of society, expounds and proves the theoretical basis of the party's programs and policies, and in all this it is absolutely indispensable. Regarding the journal's editorial policy, and the point of emphasis and table of contents of each issue, some responsible comrades of the party committee listen to the editors' reports and offer guidance in determining them. Regarding the academic attitudes and theories being realized in the journal, the party committee requests the journal to be mindful of these, and organize the articles in a planned way. For the sake of enlarging the scope of the broad mass of students' knowledge, helping students to understand the latest results of scientific research, nurturing their ability to carry out research, and enabling them, after graduation, in the course of their own teaching, to "approach those below them" even though they "dwell in high places," the party committee requests the journal to organize older students and graduate students to write articles, and launch a special "Students' Forum" column for them. We of the party's standing committee hold a regular meeting each semester, listen to reports on the journal's work, and study the work of the journal. We regularly take care to engage in examining and forming general conclusions about the journal's work, such as seeing how many articles are published, the proportion of articles from within and outside the college that are published, what the response in society has been, what experiences and lessons learned there have been, etc. Last year, relevant departments of the Central Committee issued a directive to carry out an examination and reorganization of periodicals, and our party committee considered that this was more than just a call for a general examination but, more importantly, was a matter of carrying out political-ideological education on us, enabling us, at all times, to be on guard against being influenced by erroneous ideological currents. With respect to offices, and capital, we also expended the greatest effort in making things more convenient for the journal. With regard to the assigning of new personnel, we increased the staff of the editorial department from the three members it had when it was first organized to the eight members it has today, and set up a party group for them.

The party committee also pays attention to bringing the strong points of the journal's editorial staff into full play and, for the sake of making a greater contribution to the party's educational enterprise, supporting them in, in addition to doing well at their own jobs, doing a good job of managing and

editing other books and periodicals as well. Being a higher-level teachers' college, geared to provide teachers for middle schools, and so doing the best we can for the benefit of middle-level education, is a responsibility so significant that it cannot be expressed in words. At the beginning of the eighties, the journal's editorial department proposed gathering together the precious teaching experience of special-class elementary and secondary teachers and anthologizing it into a book. The party committee considered that this was an excellent idea, and gave its active support. The editorial personnel, without complaining about the difficulty of the task, ran about everywhere and collected the articles of almost 50 special-class elementary and middle-school teachers of all subjects in 13 provinces and municipalities into a book, "Notes of Special-Class Teachers," published in 1981 by the Liaoning People's Publishing House. This book was highly acclaimed by all levels of leading comrades from the central government down to the local level. Comrade Fang Yi's [2455 3015] office wrote a letter in reply to the editorial department to say that it was a very meaningful work, Zhou Jianren [6650 1696 0086] wrote a preface to the book, Wu Boxiao [0702 0130 4682] wrote the introduction, Dong Chuncai [5516 4783 2088] wrote a special article for it, Zhao Puchu [6392 2883 0443] wrote the characters for the book's title. Over 900 thousand copies of the "Notes" were circulated, and it was also selected as one of Liaoning Province's outstanding books, winning first prize, clearly demonstrating that the arduous labor of the editorial staff had been recognized by society. That year, the journal's editorial department had the glorious title of "Shenyang Municipality Advanced Collective" conferred upon it by the municipality's people's government. In 1981, the editorial department also made preparations to publish a "Shenyang Secondary Education Research Series," and the party committee considered it was a correct course of action, agreed with their report on the project and, after being approved by the relevant higher-echelon departments, it was registered at the provincial publications office. The "Series" has already been formally introduced to the broad mass of readers, and almost 400 thousand volumes of it have been distributed. Last year, the editorial department also organized a number of well-known scholars and professors from all over the country to write articles about their experiences in scholarly research, and these will be sent to the press shortly. Along with our above-mentioned activities of making a great effort to support the editorial department, we have also awakened the journal to the fact that, since they want to develop their potential and do a good job of publishing other books and periodicals, they must also not allow the secondary to usurp the primary, or put the cart before the horse. Regarding the portion of prize money that is allotted to the books and articles, we have based ourselves on policy, taken care to achieve a proper balance, and given them our material support so as to give the most benefit to the best quality.

Our Shenyang Teacher's College Party Committee has done some work towards strengthening the leadership of the periodical but, compared with other schools and colleges, the work is still far from sufficient. We must humbly study everyone else's good experience, and strive to enable our college's journal to make new progress in the new year. In view of the actual circumstances at the

teachers' college, the living quarters of the editorial personnel are still awaiting improvement, and the matters of their titles and remuneration are still awaiting solution. Let us now, under the encouragement of the spirit of the 12th Party Congress, make a great, common effort to make a new breakthrough in the work of our journal!

(This article is a summary of the speech made by He Shujiu, Secretary of the Shenyang Teachers' College Party Committee, at the conference marking the founding of the Liaoning Province Higher Educational Academic Journals Society.)

9634

CSO: 4005/775

## PARTY AND STATE

### BA YI CALLS FOR FIGHTING U.S. IMPERIALISM

OW152349 (Clandestine) Ba Yi Radio in Mandarin to China 1325 GMT 11 May 83

[Text] The U.S. imperialists' continuing anti-Chinese behavior has aroused great indignation among the people of all nationalities throughout China. Under the pressure of events, certain central leaders have also begun to denounce rather firmly the anti-Chinese U.S. policy. They even point out sternly that the United States to this day pursues a "two Chinas" policy, that the Chinese people will not always remain patient and conciliatory toward the Americans' anti-Chinese behavior, and that unless the U.S. Government fundamentally changes its China policy, it will be impossible to improve Chinese-U.S. relations, and so forth.

The denunciation of the hegemonist anti-Chinese policy pursued by the U.S. imperialists is no doubt very correct. However, in the present situation, only by exposing and denouncing U.S. imperialism's global hegemonist policies can we githt its brazen anti-Chinese moves effectively. From now on, we should, together with all anti-imperialist revolutionary forces opposed to U.S. imperialism, oppose unwaveringly U.S. imperialism's global strategy and at the same time crush thoroughly all the anti-Chinese schemes hatched by the U.S. imperialist chieftains.

We must see that since assuming power, the Reagan administration has begun to pursue world hegemony in an even more open and brazen way. What is more, fierce and cruel by nature, Reagan and company pride themselves on their extremely reactionary and anticommunist stand. They openly declare that the main purpose of U.S. global strategy is to oppose uncompromisingly all revolutionary forces, all socialist and developing countries and all communist parties. The U.S. imperialists hate even more bitterly our party, country and people, which have a rich anti-imperialist and revolutionary tradition. All the anti-Chinese moves of the U.S. imperialists are in fact a concrete manifestation of their anticommunist and counterrevolutionary strategy. In view of these facts, we cannot expect the U.S. imperialist chieftains to change their China policy fundamentally and stop their hostile actions against us of their own accord.

Comrade Mao Zedong pointed out long ago: Some people believe "that these imperialists will deal with People's China on the basis of equality and mutual benefit, without a long stern struggle." This is a very dangerous illusion.

This is exactly the way it is. Only by waging a long term struggle against U.S. imperialism, together with the world's revolutionary people, the socialist countries and developing countries, can we strike back more effectively at the global anticommunist and counterrevolutionary strategy and policy of U.S. imperialism and safeguard the freedom and independence of the people of all countries. Only in this way can we strike back more effectively at the U.S. imperialists' anti-Chinese moves and force them to respect China's sovereignty and national dignity.

CSO: 4005/837

PARTY AND STATE

PRC TV STARTS FRENCH LANGUAGE COURSE OCT 1984

HK101223 Beijing Domestic Television Service in Mandarin 1143 GMT 6 May 83

[Text] Audience, the Central Television station will start a French language course in October 1984.

France is a country with which we are familiar. The French language is also a commonly used language in the world. More than 30 developing countries use the French language as their official or major foreign language. The French language is also one of the languages used at the United Nations. Studying the French language is advantageous to the strengthening of our friendly contacts and our cultural, scientific and technological exchanges with the French people, peoples of the Third World and peoples throughout the world, and thus contributes to our country's four modernizations.

The course in elementary French will adopt the lively form of television education and will emphasize the study of practical spoken language and the grasp of an elementary knowledge of the French language.

The course in elementary French will be started with the assistance of the French departments concerned. Relevant books will be published by the Broadcast Publishing House around August 1984 and will be distributed by XINHUA bookstores.

CSO: 4005/837

SOCIOLOGICAL, EDUCATION AND CULTURE

PERSISTENCE OF LEFTIST THINKING AT HUNAN UNIVERSITY HIT

Beijing GUANGMING RIBAO in Chinese 23 Feb 83 p 1

[Correspondence: "Question of Associate Professor Ding Zhongqi's [0002 6945 3823] Signing His Writings Remains Long Unresolved, But Not by Accident; 'Left' Deviationist Thinking at Hunan University Uncleansed Even Today--Rectification of Unjust, False, and Erroneous Cases of Litigation in Past Movements Has Not Been Thorough; No Respect Shown for Intellectuals' Labor; Teachers Engaged in Scientific Research Encounter Faultfinding and Attacks; Three Teachers Who Reported the Situation to This Newspaper Are Facing a Difficult Situation Today"]

[Text] Editorial Department:

On 16 June last year, this newspaper published a letter from three teachers at Hunan University exposing Gong Xianzhang [7895 2009 4545], director of the radio teaching and research office, who did not participate in Associate Professor Ding Zhongqi's writing but insisted on affixing his own signature to it. Most recently, when these reporters came back to Hunan University, they discovered not only that this problem has not been correctly handled but that Gong Xianzhang, with the support and encouragement of certain people, has been trying to manipulate things everywhere and make accusations. At present, the three teachers who wrote the letter to this newspaper are facing a very difficult situation. They are blamed for "unwholesome ideological manifestations," and their work and their chances for advanced study assignments abroad have already been affected. Many teachers resent what has happened to them very much.

Some old professors at Hunan University told us: "This is by no means a headless case; it can be made clear, once an investigation is conducted. A person who can hardly understand the contents of a book certainly cannot be its author. At most, the effort of a day or two would suffice to clarify this whole case."

Why has a correct disposal not been made for 8 long months? As we investigated further, we discovered that this problem occurring at Hunan University is by no means accidental, because "left" deviationist thinking at this school has not yet been seriously cleansed away. Please just take a look at the following manifestations.

Rectification of unjust, false, and erroneous cases of litigation has not been thorough. During various movements in the past, Hunan University has created



numerous unjust, false, and erroneous cases of litigation, but some of these have not been rectified even today. For instance, lecturer Li Guochu [2621 0948 4342] of the original radio teaching and research office, who is an offspring of the Red Army (his father lost his life during the Long March) was one of the eight lucky surviving heroes of the Battle of Tiande Mountain during the Resist America and Aid Korea war. His right leg was amputated and he has therefore been designated a second-rank, class "A" disabled veteran, and after his graduation from Wuhan University he was assigned to Hunan University to teach. For a long time, Li was slandered as a "landlord, bandit, and tyrant." He became "an object of internal dictatorship." During the Cultural Revolution, he was subjected to struggle and control for several years, and attempts were even made to send him home. This blatant injustice has remained unrectified even today. Li has repeatedly appealed to the party committee and asked to have the trumped-up, false data against him destroyed publicly and to have his reputation restored, but nobody has bothered. As regards certain other unjust, false, and erroneous cases, while they have been rectified somewhat, they still have some tails; some people have said publicly: "Rectification of rightists is something I can't understand."

There is no respect for the achievements of intellectuals' own labor, and teachers are not allowed to affix their signatures to their own works. A typical example is Zhou Yanhui [0719 3508 6540], a professor in the foreign language teaching and research office, who, because of the question of putting his signature to his teaching materials, was subjected to long periods of suppression and faultfinding. Zhou is a fairly well-known teacher of Japanese. Since 1978 he has compiled and translated a total of some 10 works, totaling some 4.6 million characters. The advanced teaching materials on natural science subjects that he has compiled have been especially welcomed by their readers. It was only natural for him to affix his signature to the works he had thus compiled and written. Yet, under the influence of the erroneous "left" deviationist thinking that affixing one's own signature is nothing other than craving for fame and profit," the responsible person of the teaching and research office insisted on putting on the signature of the foreign languages teaching and research office and opposed Zhou Yanhui's affixing his own signature. They took it upon themselves to withhold its preface and obstructed the review and publication of the book. After the whole book had been entirely compiled, this responsible person of the teaching and research office obstinately refused to let the compiler, Zhou Yanhui, participate in the manuscript review meeting, and made delegates to the manuscript review meeting convened by the Education Ministry wait for 6 days. Only after repeated negotiations by the Education Ministry was Zhou allowed to proceed to Guangzhou in the company (actually under the surveillance) of three party-member cadres from the general branch and the branch. Delegates participating in the meeting were most resentful toward such harassing behavior. Incidents similar to this have happened many times, and they have caused certain teachers to turn to "underground" activities as their only choice, as they have sought to write their books and carry out their scientific research stealthily.

Teachers' efforts to carry out scientific research work meet with obstructions and attacks. Lecturer Yi Wenzhi [2496 2429 6347] of the heat-processing teaching and research office, mechanical engineering department, in order to solve

one of the three key task projects in the mechanical system--prolonging the life of the nozzle of a diesel engine--succeeded in proposing a new principle and finding thereby a new approach to prolonging the life of the nozzle, thus making a beneficial contribution. But this scientific research work was somehow subjected to repeated faultfinding attacks by many people.

Why has such "left" deviationist ideology been so rampant at Hunan University? The root cause can be traced to the previous principal responsible person at the school. He was a commander of the military conflict during the "Cultural Revolution." After the 3d Plenary Session of the 11th Party Central Committee, he continued to adhere to this "left" deviationist thinking and standpoint, not taking teachers as a force on which the school must rely in order to be run well, but as objects for "remolding." With respect to our attempt to solve the problem of husband-and-wife teams of intellectuals living apart from each other, he took it as "a case of resorting to bourgeois humanitarianism." As for articles in the press on implementing our policy toward intellectuals, he said: "That's breakwind stuff; I have no time for it." The newly appointed party branch secretary, Li Xuye [2621 4872 2814] of the molding teaching and research office, sought energetically to eradicate such influence of "left" deviationist thinking, and he did quite a bit of work in his teaching. But at a meeting of the party branch, some actually accused him of "having his butt on crooked" and openly suggested that "on the question as to the kind of people to rely on, we apparently have a difference of opinion."

Today, the leading group at Hunan University has already been readjusted; the former leader has already left. But the influence of "left" deviationist thinking has not yet been completely cleansed from Hunan University. Many teachers have been forced to leave the university and seek outlets elsewhere. As many as 34 of them have left the mechanical engineering department alone during the past few years. Old professors like Shi Renqiu [4258 0117 3808] and Peng Zhao-fan [1756 5128 5672] solemnly pointed out: How to distinguish right from wrong in our ideological line and how to liberate the teachers at Hunan University from the oppression of "left" deviationist thinking as quickly as possible: this is a serious test for our new party committee. We hope that comrades of the new party committee will exert their spirit, rely on the teachers, and conscientiously solve this foremost question of great importance facing us.

9255

CSO: 4005/763

## SOCIOLOGICAL, EDUCATION AND CULTURE

### INTELLECTUALS ENCOURAGED TO WORK IN REMOTE MOUNTAINS

Beijing GUANGMING RIBAO in Chinese 23 Feb 83 p 1

[Report: "Policywise, Both Admission and Exit Are Permitted, and Special Care Is Provided in Living Arrangements; Ningxia Encourages Intellectuals To Go to Remote Mountainous Districts To Work"]

[Text] Reporter Wang Guanghua [3769 1684 5478] informs us: Most recently, the Ningxia Hui Nationality Autonomous District Party Committee and the district people's government adopted in their "Decision on Strengthening Our Intellectuals' Work" the measures of permitting admission and exit as a matter of policy, and providing special care and the like in living arrangements, in order to encourage intellectuals to go to the remote mountainous areas to work. The Xihaigu and other southern mountainous areas in Ningxia make up two-thirds of the total territory of the autonomous district, and their population comprises more than a third of the total. Agricultural development here has long remained rather slow. Not long ago, the party Central Committee and the State Council made a major decision to develop construction in the "three Xi's" (the Hexi corridor and Dingxi Prefecture of Gansu, plus Xihaigu in Ningxia). In order to stabilize the ranks of intellectuals in this region and attract more people to go there to work, the "Decision" in particular provides many special measures: (1) All scientific and technical personnel and middle and elementary school teachers working in the southern mountainous areas will be given a technical-post subsidy of from 5 to 10 yuan each month (according to their different titles). (2) In the case of intellectuals from other provinces and regions and from the river areas of Ningxia who have worked 15 full years in these mountainous areas and who apply themselves to go to the river areas to work, their problems should be solved in a planned way. Those who continue to work in the mountainous areas shall be given an additional reward-subsidy of 5 yuan each month. (3) Relax the conditions by which the problem of husbands and wives living separately is to be solved. In the case of university and college graduates from other provinces and regions who have been working in these areas for 5 years, the middle school graduates among them who have worked there for 8 years, and various other intellectuals, as well as those whose professional and technical titles are equivalent to the level of technicians and medical technicians and above: the members of their countryside households shall be allowed to move into the cities to settle. (4) In the case of those intellectuals from the south who have titles equivalent to assistant engineer and above, they shall be provided with 50 percent extra rice each month, according to their respective fixed allocation amounts.

9255

CSO: 4005/763

SOCIOLOGICAL, EDUCATION AND CULTURE

JILIN INTELLECTUALS ENGAGE IN SPARETIME TRANSLATING WORK

Kunming YUNNAN RIBAO in Chinese 1 Feb 83 p 4

[Report: "Intellectuals Engage in Sparetime Concurrent Work; Translation Service Company in Jilin Province Has Prosperous Business"]

[Text] XINHUA reporter Fan Xiangqun [5400 0686 5028] reports: Since its establishment in March 1981, the Jilin Provincial Translation Service Company has rendered careful service and put emphasis on its reputation and credibility. Its business has thus become more and more prosperous. In the latter half of last year, the whole company accepted almost 4 million characters of translation business and collected more than 18,000 yuan for translation fees. Of these collected fees, 85 percent are used as the translators' compensation.

The manager, working staff, and all translators of this company are invariably sparetime concurrent workers; there now are more than 370 members [of the company]. Of these a small number are retired public officeholders; the rest are all in-service university professors, lecturers, middle-school teachers, engineers in factories and enterprises, and assistant researchers, associate researchers, and researchers in scientific research units. Middle-aged intellectuals make up 80 percent of the total. They are scattered in all parts of the province and are able to translate the languages of 13 countries, such as England, Japan, Russia, Germany, France and Spain.

This company mainly translates for users (foreign into Chinese and Chinese into foreign languages) such materials as scientific and technological documents, scientific and technological books and journals, professional glossaries and reference tools, works in social sciences, subtitles of scientific and technological movies, commodity catalogs, commodity advertisements, brochures for products, order contracts, notarial documents, and letters. Although the company has been open less than 2 years, in the minds of consumers in Jilin Province it has already become the translation center of the whole province in substance as well as in name. There have been more than 200 visiting consumers. Some judicial departments even turn foreign documents and letters from abroad over to this company to translate, and they prescribe in addition that, unless the seal of this company is present, the translated texts of foreign notarial documents shall lack authority and be devoid of legal effect.

9255

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SOCIOLOGICAL, EDUCATION AND CULTURE

INEFFICIENT USE OF TEACHERS AT BEIJING UNIVERSITY SCORED

Beijing RENMIN RIBAO in Chinese 8 Apr 83 p 3

[Report by staff reporters Yang Ruimin [2799 3843 2404] and Zhang Xuanguo [1728 6693 0948]: "Where Is the Catch for Releasing the Vitality of Schools of Higher Learning?--Investigational Report on Utilization of Talent at Beijing University"]

[Text] Summary of Contents: Beijing University's middle-aged associate professors and lecturers are too concentrated; they can hardly display their talent. Those who should be let go will not go, while those who should be let in cannot get in. The university has thus lost its vitality. Some cadres and teachers at Beijing University are now appealing for reform in order to solve a situation in which personnel exceed the table of organization and talent has piled up.

In the process of our recent investigation of the situation in the teaching ranks at Beijing University, we heard this kind of discussion: "If Beijing University's teachers could be reduced by a third, there would be hope that the university can ultimately be run well." Some comrades therefore suggested: "Changing the situation at key universities in which talent is piled up is the key for releasing the vitality of schools of higher learning."

Beijing University currently has 2,972 teachers; as many as 2,158 of these are professors, associate professors, and lecturers--making up 72.61 percent of the total of all teachers. The situation in our country is that the ratio between teachers and students generally stands at 1:6, but the ratio at Beijing University is 1:3. Because of such excess of personnel over the table of organization and such piling up of talent, many contradictions have been raised.

(1) "With more monks than there is porridge for them, none can have enough." Subjects offered are scarce, while teachers are numerous; the teaching load becomes a matter of dissatisfaction for everyone. In the case of teachers of major subjects in particular, they have hardly two units each week. Some teachers have been working for 10-odd or even 20-odd years but find no opportunity to step on the platform even today. According to regulations, in order to be regarded as fit for promotion, a teacher must complete a given load of teaching work. But in Beijing University's current situation, teaching tasks are very hard to arrange. Take the chemistry department, for example. The total courses in the department number as many as 100 (including required

courses, elective courses, basic courses, and graduate courses), but there are 200 lecturers and associate professors in the department who can offer such courses--an average of two teachers for every course. The teachers' enthusiasm can hardly be expressed, and it is difficult for the school's teacher-control departments to appraise them. Thus the job of promoting them runs up against a great deal of encumbrances.

(2) With more generals than there are soldiers, middle-aged teachers find it hard to display their talent. Beijing University's middle-aged associate professors and lecturers number altogether 2,024; they make up 68.1 percent of the total of all teachers in the school. These middle-aged teachers are mostly university graduates from the late 1950's and early 1960's; not only is their political quality fine, but they are also strong professionally. But because their teaching load is not filled, plus the fact that scientific research work at our schools of higher learning has not yet been organized well, their roles cannot be given full play. Among these middle-aged teachers, many graduated in the same year and were retained for teaching assignments; they are roughly equal in their assets and level of achievement. This causes the emergence of many dragons without a head and too many dragons without paying proper attention to water management. Some comrades compare this phenomenon to a "talent crunch," which affects the deployment of their work on the one hand and hinders their individual growth on the other hand. Another situation is that many old teachers are still stationed at the foremost front; this deprives the middle-aged teachers of an opportunity to practice their skills. An overwhelming majority of Beijing University's middle-aged teachers are retained and selected from the university's own undergraduate and graduate students, and between the teachers there is often a teacher-student relationship. There are cases wherein "three generations share the same roof," four generations share the same roof," or even five generations and six generations. Under such circumstances, middle-aged teachers naturally face some limitations in their work. For instance, generally reputable old gentlemen are involved in certain domestic scholarly exchange activities; middle-aged teachers simply can't get their turn. In bringing up doctoral graduate students, some old professors often merely register their names, and those who do the actual work are still the associate professors. Those who work at the school are not known outside, and some who are known outside do not do any work at the school. Some are already associate professors in their fifties, but they can only remain assistants to the old professors indefinitely. This situation of "Mount Tai being imposed on top of their heads" means that many middle-aged teachers, who ordinarily could become outstanding, find it difficult to show any results at all. Such a situation is certainly of greater harm than of benefit to their rapid growth. Some comrades say the able and strong middle-aged teachers were already hampered in their advancement for 10 years during the "Cultural Revolution." If they continue to be left "idle" like this, the golden days for them to teach and engage in scientific research will be completely lost. That would be a great pity, indeed.

(3) Those who should be let go will not go, while those who are urgently needed cannot get in. The age of Beijing University's teaching staff tends to be on the old side. The average age of the professors is close to 70; associate professors, 53.5; lecturers, 46.6; and teaching assistants, 34.4. Those

who are 51 years of age and over make up 24.8 percent of the teachers. There is an urgent need to replenish the university with a contingent of young teachers. Otherwise, as the contingent of old and middle-aged teachers take turns retiring from the foremost front, teaching and scientific research will lack successors. Besides, among the current teachers, some are not capable of teaching or of doing scientific research. Replacement of the old by the new is something that must be done. In order to change such a situation, the school at first had thought of selecting more of its graduate students scheduled for graduation and retaining them so as to replenish the ranks of the teachers. But at present, the number of teachers already exceed the table of organization. Old teachers who should retire won't retire, and middle-aged and young teachers subject to readjustment do not wish to leave Beijing University. Under such circumstances, it is impossible for the university to retain more young teachers, even if it wants to. Leaders of the university and its various departments are troubled right now because of this.

According to these reporters' understanding, this phenomenon of personnel exceeding an institution's table of organization and of talent being piled up, as reflected at Beijing University, exists in differing degrees at many other key institutions. But on the other hand ordinary institutions, especially those in the border regions and the newly established, find themselves lacking in talent and short of teachers. Because of this, many comrades are of the opinion that releasing the vitality of our institutions of higher learning should begin with the solving of this question of talent being piled up. Once this pass is broken through, the many problems of our higher institutions will easily be solved. Then, not only will the key institutions themselves become vitalized, but a group of [schools that are] not key institutions will at the same time be resuscitated.

How are we to change this situation of talent being piled up, thereby releasing the vitality of our higher institutions? Some cadres and teachers at Beijing University have made the following suggestions:

(1) Adopt forms such as local dispersion, loaning, acceptance of invitations, and guest lecturing so as to support other schools, other units, and other areas. Local dispersion means transferring some teachers to Beijing Municipality to run short-term universities or strengthen existing university branches. These teachers should be a mixture of old, middle-aged, and young teachers at different levels. During the past few years, teachers at the university branches run by Beijing municipality have mostly been appointees from the university's head office. These appointed teachers thus become involved at both ends, which makes the university feel that it might as well simply transfer part of them to teach at the branches. When teachers are loaned to outside schools, they can both offer certain required courses and bring up graduate students for them. During this loan period, the teachers' households need not be changed, nor do they have to take their families along. The wage relationship also can remain intact. When the period of the loan is up, other teachers can be sent in their place.

(2) Put into practice a retirement system for professors and associate professors. Only when there is retirement can there be promotion. Not only must lecturers reaching the age limit retire, but professors and associate professors

also must retire so as to facilitate the growth of middle-aged teachers. Once the professors and associate professors have retired, no administrative offices they held when they were in service should be retained for them. They may be given honorary titles, with all other aspects of welfare unchanged. Those who are still capable of work may continue to work, but they should be regarded as personnel outside the table of organization.

(3) The piling up of talented people at certain higher institutions is an old, big and difficult problem that has been shaped over a long period; what it involves is rather multifarious, and the situation is quite complicated. To solve this problem requires the leading organs to make relevant decisions and adopt decisive measures. Some comrades suggest that the Education Ministry establish a talent-circulation service company or organize a talent-exchange council to pave the way and build bridges for the circulation of talent.

9255

CSO: 4005/763



## SOCIOLOGICAL, EDUCATION AND CULTURE

### ZHENG CHENGGONG'S RECOVERY OF TAIWAN REVIEWED

Beijing ZHONGYANG MINZU XUEYUAN XUEBAO [JOURNAL OF CENTRAL NATIONALITIES COLLEGE] in Chinese No 3, 15 Aug 82 pp 41-46

[Article by Shi Lianzhu [2457 5114 2612]: "Zheng Chenggong's Recovery of Taiwan and His Policy on the Gaoshan People"]

[Text] Three hundred twenty years ago, China's national hero Zheng Chenggong and the patriotic troops led by him, aided by the Han and Gaoshan people in Taiwan, defeated the Dutch aggressors, recovered Taiwan, China's sacred territory, and rendered immortal service to the fatherland, writing a shining chapter in the history of the Chinese people's struggle against aggression. Today, when the people of all nationalities throughout the country, including our Taiwan compatriots, unanimously demand the return of Taiwan to the fatherland and the completion of our unification cause, commemorating this never to be forgotten historical event possesses a momentous significance and inspirational effect.

Besides following the trend of history and the common desire of the Chinese people, Zheng Chenggong's glorious victory over the Dutch was inseparable from his correct attitude and policy on the Gaoshan people. This article is a preliminary exploration of the issue.

#### I. Zheng Chenggong's Recovery of Taiwan--the Common Desire of All the People in the Fatherland

Upon discovery of a new sea route to the Orient in the 16th century, Western colonialists followed one another to the East to establish colonies and commit piratical plundering. In the early 17th century, the Dutch controlled the sea route to the Orient, invaded Asia on a massive scale and carried out primitive capitalist accumulations, turning into a tyrant in the Orient. Twice they occupied Penghu and captured China's coastal fishermen, forcing them to build fortresses and mistreating them in every way, resulting in 1,300 deaths due to abuses or epidemics. More than 270 were shipped to Java and sold as slaves. The tyrannical control exercised by the aggressors aroused the resistance of Fujian's coastal

people.<sup>2</sup> In 1624, the Ming government sent Commander Yu Zigao to recover Penghu.<sup>2</sup> The Dutch shifted their attention to Taiwan and entrenched themselves in its southern region.<sup>3</sup> In 1626, the Spanish aggressors seized its northern region.

In 1642, the Dutch defeated the Spanish and monopolized Taiwan. To strengthen control over the local inhabitants, the Dutch created the "association head system:" Several or several dozen households were made into a group, with one person designated as the head, known as the small group; several dozen small groups were made into a large group, also with one person designated as the head. By means of the large and small group heads, they exercised a ruthless colonial control.<sup>4</sup> The Dutch carried out shocking oppression and exploitation of the Taiwan people, seized the farmland (known as "king's farms") of the Han and Gaoshan people, forced the local peasants to till the land, and imposed exorbitant land rents. They controlled Taiwan's domestic and foreign trade, imported opium, confiscated the property of the Taiwan people, and injured their physical health.<sup>5</sup> From 1651 on, all individuals 7 years of age and over must pay a "head tax." To hunt in the mountains, the Gaoshan people must, in addition to a hunting tax, deliver to the government 50,000 deer pelts annually, which totaled 150,000 in 1638 alone.<sup>6</sup> The coastal fishermen must pay a fishing tax.<sup>7</sup> To divide and rule, the Dutch also adopted the national polarization policy to alienate the relations between the Han and Gaoshan people. By means of the "peddler's tax,"<sup>8</sup> the annual "duties" imposed on the Gaoshan people were, through "public bidding," contracted to Han merchants to collect in the Gaoshan villages and communities. "Everything owned and needed by the savages (the Gaoshan people) came from the merchants, and no one else dared to buy or sell."<sup>9</sup> Exorbitant taxes and levies were innumerable, imposing a heavy burden on the Taiwan people, blocking the development of its social economy, and making the Gaoshan people "so exhausted from obligatory labor that they could not survive."<sup>10</sup> In addition, the Dutch also set up churches and schools in Gaoshan communities and sent missionaries. According to statistics,<sup>11</sup> from 1627 on, 37 missionaries were sent into Taiwan to preach the gospel and implement the policy of enslavement and aggression. The Taiwan people found themselves in dire misery.

In spite of the effort of the Dutch to consolidate their tyrannical colonial control, the patriotic Han and Gaoshan people in Taiwan brought forth the glorious revolutionary tradition of the Chinese people in resisting foreign aggressors and, from the first day the Dutch invaded Taiwan, they countered the enemy with continuous courageous resistance struggles. In 1624, when the Dutch forced them to carry earth and stone and chop down bamboos and trees, over 200 Gaoshan people in Mujialiu Bay rose in rebellion. With the aid of the Han people, they fiercely attacked the enemy's new fortress, burned the fences and forced the colonialists to withdraw in panic. In 1629, the Gaoshan people in Xingang, unable to withstand the abuses of the Dutch, raised the standard of revolt, and those in Madou and Mujialiu Bay responded immediately. On 5 September 1635, the Gaoshan people of Madou massacred over 60 colonialists in one

night. In 1641, the Gaoshan people in Beinan ambushed the Dutch gold mine prospecting team and killed three colonialists.<sup>12</sup> According to statistics, in the 3 years from 1641 to 1643, 58 Gaoshan villages successively rose up in arms against the Dutch. The roaring flame against the Dutch spread to all areas in the island, and the most massive uprising occurred in mid-17th century when all nationalities in Taiwan, led by Guo Huaiyi, revolted against the Dutch, demonstrating the indomitable determination of the Han and Gaoshan people. They cast their lot together and rendered mutual support, ceaselessly dealing heavy blows on the aggressors. Even (Fuerbao), the head of the Dutch colonialists who suppressed the uprising, had to admit: "The continued occupation of Taiwan will run into many urgent dangers everywhere, not only from the more than 100,000 savages (a derogatory term for the Gaoshan people), but also from the Chinese (colonial term for the Han people)."<sup>13</sup> The admission of the aggressors reflected their terror of the Taiwan people's resistance struggle. Though the uprising failed, it strengthened the will of the Chinese people to expel the aggressors and regain the sacred territory of the fatherland and laid a good foundation for Zheng Chenggong's recovery of the island in 1662.

On the mainland in early 1661, Zheng Chenggong completed preparations to march on Taiwan. Leading 25,000 troops and more than 100 warships, he set out in the 4th month, lunar calendar, in that year. When he led his men to land on Taiwan, the Han and Gaoshan people long enslaved by the Dutch rose up successively to welcome the great army of the fatherland, "bringing food and drink and furnishing men." In just Chikan alone, several thousand Han people helped the landing with carts and other tools. Thus, in just a few hours, most of the Zheng troops entered the gulf and several thousand soldiers completed the landing.<sup>14</sup> It proved that Zheng Chenggong's recovery of Taiwan was the urgent common desire of the Han and Gaoshan people, like "longing for a rain cloud during a drought." Thus, he received the effective support and enthusiastic welcome of the Taiwan people.

When the Zheng army laid siege to Chikan city, the Han and Gaoshan people in southern Taiwan joined the campaign one after another. The Taiwan people led the Zheng army<sup>15</sup> to cut off the water source of the city, in order to harass the enemy and force him to surrender. Without reenforcement and without water, Commander (Maonanshiding) of the aggressor army defending the city, placed in a desperate situation, had no choice but to surrender. Nevertheless, (Kuiyi), the head of the Dutch aggressors, made a last ditch defense of Taiwan city with his back to the wall. In his ultimatum to (Kuiyi), Zheng Chenggong solemnly declared: "Taiwan belongs to China. It has long been usurped by your honored country. Now that I have come to reclaim it, it must be returned."<sup>16</sup> His words showed the determination of the Chinese people to recover their lost territory. With the enthusiastic support of the Han and Gaoshan people in Taiwan, after more than 9 months of arduous fighting, the numerous defeats of the reenforcement sent by Holland from Batavia, and the annihilation of over 1,000 enemy troops, (Kuiyi), the head of the Dutch aggressors, was finally

forced to sign, on 1 February 1662, the declaration of surrender, capitulate to Zheng Chenggong, and lead his remnant soldiers and bureaucratic merchants to evacuate Taiwan in disarray. Thus ended 38 years of the Dutch aggressors' criminal rule of the island and realized the common desire of the people of all nationalities of Taiwan and their mainland compatriots to expel the foreign aggressors.

## II. Zheng Chenggong's Nationality Policy

In the struggle to recover Taiwan, Zheng Chenggong deeply realized that he must win the support of all nationalities in Taiwan before he could obtain supplies, get a firm foothold, consolidate the position gained, continue to annihilate the Dutch colonialists and seize the final victory. Therefore, while carrying out land reclamation by the soldiers in order to obtain provisions and lighten the burden on the people, he strove to win more popular support by comforting the upper-level Gaoshan figures, strictly forbade his men from disturbing the Gaoshan villages and helped the Gaoshan people in production. These measures reflected his consistent policy of nationality harmony on our Gaoshan compatriots and embodied his broad and long-term strategic thinking. Thus, a relatively stable situation emerged in Taiwan. The soldiers and civilians shared a bitter hatred of the enemy, each making their own contributions in the struggle to expel the Dutch and recover Taiwan.

Zheng Chenggong's policy of nationality harmony on the Gaoshan people can be summarized into the following aspects:

(1) Relying on Local Inhabitants for Provisions. After landing on Taiwan, to solve the grain supply problem of the 25,000 army, Zheng Chenggong, in the evening on the day of landing (the 1st day of the 4th month, lunar calendar), "sent grain officer Yang Ying, carrying an arrow-shaped token of authority and accompanied by officer Yang Rongzheng, to make sure that the men led by rear guard commander Zhang Zhi" protect the Dutch granary from burning and destruction by the enemy. "The officers and soldiers were not permitted to move grain without authority." The next day, he distributed the grain seized from the enemy "for army provisions in the various towns, sufficient for half a month."<sup>17</sup> Next, on the 22d day of the 4th month, lunar calendar, he sent men to the villages to search for grain concealed by the enemy. He "ordered officers Yang Rongzheng, Yang Ying and He Tingbin to investigate the millet, sugar and wheat accumulated by the red barbarians and report back, and issued provisions to the soldiers, totaling 6,000 dan [piculs] of millet and over 3,000 dan of sugar."<sup>18</sup> Thirdly, he requisitioned grain from the Gaoshan people and paid them cash. He "ordered officer Yang Ying, accompanied by Yang Rongzheng, to carry 10 ingots of gold to buy grain from the four communities for army provisions... adequate for 10 days."<sup>19</sup> Obviously, Zheng Chenggong, right from his first arrival at Taiwan, paid serious attention to reliance on local inhabitants to solve the provisions problem, while the Taiwan people willingly coordinated with the officers of the Zheng army in searching for enemy granaries in the villages

and communities. They also did everything in their power to aid the troops of the fatherland, and donated or saved grain to sell to the army.

(2) Comforting the Upper Level; Striving for Popular Support. In the struggle to expel the Dutch and recover Taiwan, Zheng Chenggong paid serious attention to the will of the people, realizing that only by strengthening the internal nationality unity would it be possible to resist the external enemy. On the 12th day of the 4th month, lunar calendar, he personally visited Wengang to study the terrain, surveyed the "popular sentiment" of the Gaoshan people in Xingang, Madou, Xiaolong and Mujialiu Bay, and received the warm welcome from the people who "brought beverages and blocked the road in welcome." "Zheng Chenggong comforted them, bestowed gifts on them, and felt very happy."<sup>20</sup> Subsequently, on the 22d day of the 8th month, lunar calendar, he "sent officer Yang Ying to escort a rice boat to Erlin and Nanshe and deliver army provisions and accompanied by Li Yin, to ascertain the morale of the troops and report back."<sup>21</sup> After the Zheng army stormed into Chikan city, the Gaoshan chiefs in nearby villages all came to declare allegiance. Seeing the high patriotic fervor of the Gaoshan people, Zheng Chenggong became even more enthusiastic. When the Gaoshan chiefs from Xinshan and Kaigan appeared to welcome him and declare allegiance, he entertained them with a banquet, bestowed gowns, hats, boots and belts to the native chiefs and assistant chiefs, and expressed his warm concern for them, thereby deeply impressing our Gaoshan compatriots long bullied by the Dutch aggressors. The Gaoshan people in the north and the south, "hearing the news, followed each other's footsteps to come to him, and he gave the customary banquets for all of them, much to the gratification of the native people."<sup>22</sup>

(3) Land Reclamation by the Army to Lighten the Burden on the People. Searching for grain concealed by the Dutch in the villages and requisitioning grain from the people by paying cash, measures adopted by Zheng Chenggong to solve the urgent army provisions problem, produced certain results. However, for its long-term solution, he resolutely readjusted the strategy: While carrying out farming by the army, he slowed down the assault on the Dutch colonialists stubbornly defending Taiwan city, revising the strategy to besieging the enemy and forcing him to surrender. From the 1st to the 6th day of the 4th month, his troops were invincible, routing the enemy at almost every encounter."<sup>23</sup> On the 7th, he "ordered Hou Ling to attack Taiwan city."<sup>24</sup> On the 24th, he made a formal declaration: "As Taiwan is an isolated city without reenforcement, attacking it will bound to result in killings and injuries; it is better to besiege it and wait for its surrender. He then assigned troops to reclaim land under flood, and ordered Commander Ma Xin to lead his men and lay siege to Taiwan."<sup>25</sup> In other words, he left only Ma Xin's men to continue the siege of the city, and assigned all other land and water troops to different areas to reclaim wasteland, plant bamboos and form communities, build grass huts, till the land with oxen, and encircle wasteland for cultivation, following the policy of farming by the army, "lodging soldiering in farming." All the officers and soldiers "carried the spear and fought

when there was an alert, and shouldered the hoe and plowed when there was no alert, so that no land in the wilderness was wasted, and the army had surplus grain."<sup>26</sup> Meanwhile, Zheng Chenggong set about building political power. On the 2d day of the 5th month, he changed the Chikan area into Mingjing, the eastern capital, established Chengtian prefecture and Tianxing and Wannian counties, and appointed Yang Rongzheng governor of Chengtian prefecture and Zhuang Wenlie and Zhu Jingzhi magistrates of Tianxing and Wannian counties respectively. "The prefectural governor investigated and made reports on the farms and recorded them in books and levied grain. Taiwan [city] was changed to Anping town."<sup>27</sup> To assure the fruitfulness of army farming, Zheng Chenggong, on the 18th day of the 5th month, issued regulations on cultivation and planting. Thus, while he assigned troops to farm, enabled the army to maintain itself and reduced the burden on the people, he set up a government to collect taxes and made the people support the government.

(4) Strictly Prohibiting Disturbing the Gaoshan Villages and Communities; Improving Nationality Relations. What deserves attention is that, when the mainland suspended grain supply in the 7th and 8th months, Taiwan's grain price shot up to "4 or 5 coins per peck." "The officers and men went to the extent of eating muzi to assuage hunger." "With only two meals a day, many died from illness, and the men were restless." With no alternative, Zheng Chenggong had to "order the civilians to deliver sundry cereals and potatoes as army provisions."<sup>28</sup> At this extremely critical moment, "the arrogance of Commander Yang Gao," in charge of the garrison stationed in Dadu community to reclaim wasteland, led to the revolt of Ade-gourang of the Gaoshan people.<sup>29</sup> "Suppression aroused the revolt of the natives, who attacked the left wing of the garrison. Yang Zu fought them, was wounded and withdrew. He became sick after returning to the province and died...."<sup>30</sup> Only when Ade-gourang later ganged up with the Dutch and acted in collusion with them did Zheng Chenggong resolutely suppress them.<sup>31</sup> Meanwhile, Zheng Chenggong continued to adopt measures and "ordered officer Li Yin to supervise the men, prohibiting them from disturbing the native communities." The officers and men in Houchong town, who conflicted with the Gaoshan people of Dadu community, were "transferred to Nanshe,"<sup>32</sup> thereby easing the tension between the military and the civilian and between the nationalities. Zheng Chenggong repeatedly "admonished the troops against disturbing the farming of the natives (Gaoshan people) and the common people (Han people), wrangling, and arbitrarily encircling the land currently tilled by the natives and common people." "Violations would be investigated,"<sup>33</sup> or "severely handled."<sup>34</sup>

(5) Helping the Gaoshan People in Production. While reorganizing the government, training the soldiers and continuing to purge the remnant Dutch forces, Zheng Chenggong stressed the development of agriculture and recruited mainland coastal inhabitants to come and reclaim wasteland. In his general order to the whole island, he encouraged agriculture, developed water conservation and decreed that no farmland was to be left idle without cause. He gave serious attention to the protection of forestry and water resources. In the regulations on cultivation and planting, he

declared emphatically: "On the land encircled by the officers, or the flooded land drained by the officers and soldiers in the various towns, the forests and slopes must be managed and cherished; no indiscriminate logging, nor fishing by draining the ponds, were allowed."<sup>35</sup> Zheng Chenggong paid serious attention to helping our Gaoshan compatriots develop production. He and his subordinates He Bin, Yang Ying and Ma Xin constantly inspected and visited the "native communities" in Xinggang, Mujialiu Bay, Xiaolong and Madou where compact Gaoshan communities were located, gave them many gifts of tobacco and cloths and "comforted them with good words."<sup>36</sup> Yang Ying found that the Gaoshan people in Nanshe used no animal to plow the field, picked ripe grain ear by ear, and "took several-10 days to harvest 1 jia (approximately 11 mu 3 fen) of rice," because of their ignorance of the use of farm tools such as hooks, sickles, plows, rakes, hoes and axes. "They only used their bare hands to farm, taking 1 month to complete 1 jia of farmland.... The wet land near water was left useless."<sup>37</sup> He suggested giving plow oxen and iron tools to the Gaoshan people in the various villages and communities, sending experienced Han peasants to teach them advanced skills and helping them solve their difficulties in production and living, in order to gradually transform their backwardness in agriculture.<sup>38</sup> No information is currently available to determine whether the suggestion was adopted. Zheng Chenggong "sent a ship to transfer Hong Chupi and others, a total of 10 officials, to Taiwan to take charge of the native communities."<sup>39</sup> It was not accomplished because Zheng Tai, Hong Xu and Huang Ting refused to move their families to Taiwan. Nevertheless, from the historical facts discussed above, we can see that Zheng Chenggong and others gave serious attention to helping the Gaoshan people in production and improving their living standard.

After the death of Zheng Chenggong, his son Zheng Jing carried on his undertaking, continued to follow the policy of army farming, developed agriculture, vigorously encouraged the Taiwan people to build workshops to refine sugar and salt, mine gold and process iron, and actively promoted trade with Japan, Siam and the Philippines. In addition, he established schools and urged the Gaoshan children to enroll and study Chinese and exchange cultural knowledge.<sup>40</sup>

With the painstaking effort of Zheng Chenggong and his son and the large influx of Han soldiers and civilians, the Gaoshan people learned the advanced skills of the Han people. Agriculture, forestry and hunting in many Gaoshan villages rapidly flourished, and their living standard showed a marked improvement. From the documents of early Qing dynasty in the first half of the 18th century, we can see that the four communities had "fine trees with dense shade and neat houses, comparable to China's inland villages.... The Gaoshan people were industrious in farming and knew how to save; their households were prosperous."<sup>41</sup> The rich families "had a house in the middle, surrounded by neat and orderly fruit trees and granaries, and planted several dozen mu of bamboo."<sup>42</sup> Among the odds and ends in the homes of the Gaoshan people of Dadu community, Zhanghua, "beds, couches, cooking vessels, bowls and chopsticks were laid out for their aesthetic appearance."<sup>43</sup> Working and living side by side, the people of

the two nationalities strengthened their unity and cooperation and furthered their economic and cultural interchange and progress. The fruit of the labor of the Han and Gaoshan people, the development of Taiwan and its social economy was also inseparable from the measures adopted by Zheng Chenggong to promote production.

### III. Zheng Chenggong's Momentous Victory

Zheng Chenggong's nationality harmony policy on our Gaoshan compatriots was most valuable. Though it was impossible for a feudal ruler to attain true nationality equality and unity under the social system of the time, the series of fairly enlightened policy measures adopted by him reduced, to a certain extent, the discrimination against the Gaoshan people and improved the relations between the Han and Gaoshan people and between the military and the civilian. Therefore, he won the support of the people of all nationalities in Taiwan and propelled them to plunge more actively into the struggle against the Dutch.

In the effort to purge the remnant Dutch forces, the Taiwan people actively aided the Zheng army in cracking down on and searching for the scattered soldiers of aggression. When the 50 colonial soldiers of Xinan area fled to the Yangjiu army station, for instance, they were ambushed by the local inhabitants. Under the fierce onslaught of the local inhabitants, the Dutch colonial troops in the vicinity of Xiadanshui stream were forced to escape by swimming, and eight were killed and most of them injured.<sup>44</sup> The Gaoshan people of Xingang wiped out at one time 14 fleeing Dutch soldiers.<sup>45</sup> The Gaoshan people in Jilong and Danshui burned the houses of the Dutch, captured a Dutch ship, killed a Dutch squad leader and sent ships to the eastern coast to rendezvous the Gaoshan people there, where together they blocked the enemy's sea route, prepared to besiege the Jilong fortress,<sup>46</sup> and forced 60 Dutch soldiers to board a ship in panic and flee to Japan. When the Zheng army besieged Taiwan city, the Han people in the city ventured out to report on the military situation in the city and revealed that the southern corner was the weakest spot, saying "please mount an attack immediately and capture the southern corner" and force the enemy to surrender.<sup>47</sup> When a Dutch teacher ran to Xiaoliuqiu islet which was familiar to him and urged the local inhabitants to remain loyal to the Dutch, he was immediately beheaded by them. En route in their retreat to Taiwan city, the 18 longtime Dutch settlers in Beinan were ambushed by the Taiwan people. Dutch missionary (Hengteliike) was killed when entering Fangsuo. To extricate themselves from the desperate predicament, the Dutch sent Lieutenant [Aerduopu] to transport by small boats 50 soldiers and escort more than 100 casualties to Xiaoliuqiu, and they were also attacked by the masses and forced to jump into the sea to escape.<sup>48</sup> As a result of the powerful movement against the Dutch launched in the entire island, the colonial officials, soldiers, missionaries and teachers and their families who had fled to the Gaoshan villages in Duoluojia and Zhuluoshan had no choice but to surrender to the Zheng army and ask for protection.



Wherever they marched, Zheng Chenggong's troops were warmly welcomed by the people of the various nationalities in Taiwan.<sup>49</sup> Such unforgettable scenes were also described vividly by foreigners: Hearing of the good news of Zheng Chenggong's march on Taiwan, the Han and Gaoshan people "gathered from everywhere and wished him success;" "they even celebrated the recovery of freedom by killing missionaries and destroying religious books."<sup>50</sup> "Zheng Chenggong's arrival greatly pleased the people. The Dutch had ruled the island for a long time; the people of the various nationalities throughout the island all rose up to 'revolt,'" and the savages also took the side of the Chinese (indicating the Han people).... They celebrated their newly restored freedom and unity.... Innumerable Chinese, like rising winds and surging clouds, came to express their welcome."<sup>51</sup> The excitement and joy felt by them could not be described in words. In the "Diary of (Relanzhecheng)," even the Dutch had to admit: "The inhabitants of the mountains and plains and the various clan chiefs ... actually all the inhabitants of the south, surrendered to Zheng Chenggong. Each clan chief received a white satin gown, a hat with a golden pompom and a pair of Chinese boots. These rascals reviled us for spreading Christianity;<sup>52</sup>.. Hearing of the arrival of Zheng Chenggong, they killed a Dutch."<sup>52</sup> From these passages we can see that the Han and Gaoshan people in Taiwan held a deep hatred for the Dutch aggressors who had long enslaved them, enthusiastically supported the just struggles waged by Zheng Chenggong to expel the aggressors and recover the territory of the fatherland, and dealt the proper punishments to the aggressors. All these showed how the people of Taiwan and the fatherland closely rallied together and struggled against the foreign aggressors for the independence and territorial integrity of the fatherland. Precisely as pointed out by Comrade Mao Zedong, "the people of all nationalities in China oppose the oppression of foreign nations; they all want to remove the oppression by means of resistance."<sup>53</sup>

In the struggle to recover and administer Taiwan, Zheng Chenggong developed the fine tradition of the Chinese nation and demonstrated his patriotic qualities. His heroic deeds against foreign aggressors will always be revered and cherished by us.

The historical facts of Zheng Chenggong's recovery of Taiwan discussed above fully and forcefully demonstrate the following: Same as the people of all nationalities on the mainland, the Han and Gaoshan people in Taiwan possess the struggle tradition of devotion to the fatherland and resistance of foreign aggressors. They have never tolerated, and will never tolerate, the wanton trampling of Taiwan, the territory of the fatherland, by foreign aggressors. Whoever flagrantly seizes it by force will certainly encounter the ruthless punishment and pulverizing attack of the Chinese people and suffer the final shameful consequence of expulsion. The great cause of recovering Taiwan and realizing the unity of the fatherland is the iron will of the people of all nationalities throughout the nation as well as an irresistible historical current demanded by the

trend of the times and the desire of the people. We must achieve it; we will achieve it.

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- 27, 28. Yang Ying, op. cit.
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30. Yang Ying, op. cit.
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- 32, 33, 34, 35. Yang Ying, op. cit.
36. Jiang Risheng, op. cit.; Yang Ying, op. cit.
- 37, 38. Yang Ying, op. cit.
39. Ludao Daoren, "Record of Impressions on the Ocean," Vol 2. Yet Jiang Risheng said in "Unofficial Chronicle of Taiwan," Vol 12, that Zheng Chenggong appointed Hong Kai and Qi Pi, a total of 10 persons, to take charge severally of community affairs.
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CSO: 4005/617

'CHINA POST' ON ASIAN DEVELOPMENT BANK

OW090655 Taipei CHINA POST in English 3 May 83 p 4

[Editorial: "Crucial Decision for ABD"]

[Text] As the Asian Development Bank (ADB) will hold its annual meeting tomorrow at Manila, it will be confronted with the crucial decision of whether to admit the Peking regime as a new member on the terms demanded by the Chinese communists, namely the ouster of the Republic of China [ROC] which is a legitimate member of good standing of that 45-member organization.

The position of the Republic of China has been repeatedly stated by our government authorities including Premier Sun Yun-hsuan, General of the Army Ho Ying-chin and Central Bank Governor and a member of ADB Board of Directors Yu Kuo-hua, who is leading a 10-man ROC delegation to the ABD annual meeting.

Governor Yu outlined the ROC's position in an arrival statement in Manila Saturday stating that "The Republic of China has every right to remain as a member of the Asian Development Bank." He said that "The Republic of China is a founding member of the Asian Development Bank when it was established in 1966. It has actively participated in the bank's activities and faithfully fulfilled all of its obligations. The Republic of China is a member of good standing in the Asian Development Bank."

Governor Yu further pointed out that the ROC was a contributor to the bank's funds instead of a recipient of its loans. It is ready to make another sizable contribution to the bank at the forthcoming meeting.

On the other hand, the Peking regime aspired to impose its own terms of admission into the bank. The director of Peking's Foreign Ministry information department told the press 26 April that "Foreign Minister" Wu Hsueh-chien had sent a telegram 10 February notifying the bank of Peking's intention to apply for membership. But it attached the condition that the Republic of China, a founding member of the bank, be removed before Red China joins.

To this preposterous demand, Governor Yu commented in his statement that "as far as I am aware, no applicant for membership has had the audacity and impertinence to impose terms on the ADB regarding its application."

It is quite obvious that the arbitrary application for membership by the Peking regime should be rejected by the board without hesitation. Otherwise, there will be no limit to what the Chinese communists may (?resort) to next once it is admitted to be a new member.

The sinister design of the Peking regime to wreck the nonpolitical international financial institution of the Asian and Pacific region has been apparent from Peking's maneuvers in its ADB membership applications. Article 36 of the bank's charter states specifically that "the bank shall not be influenced in...decision by the political character of the member concerned." Peking's objection to the ROC membership is obviously politically motivated and therefore a violation of the ADB Charter.

The United States' staunch support of the ROC's membership in the ADB is much appreciated. As one of the key members of the bank controlling 11.9 percent of its shares and large contributors to the Asian development funds, it should insist on upholding the ROC's membership in the ADB and not permitting any pro-Peking compromises to be introduced by any governor including ADB President Masao Fujioka of Japan. For any compromise with Peking would merely weaken the ADB if not violate the ADB Charter. All the members should warn Peking not to shoot its way into the ADB by ousting a legitimate and founding member of the bank.

For the main purpose of the Chinese communists to join the ADB is, as General Ho Ying-chin has pointed out in his open letter on 22 April, "not for making any contributions to the regional development and prosperity of Asia, but to...destroy the fundamental principle of noninterference in the affairs of international organizations by politics and to force the United States, Japan and other members of the ADB to expel the ROC from the bank."

As we have also pointed out in these columns, Peking's membership in the ADB will not be an asset for the bank but a liability. It has nothing to contribute to the bank but has its eyes on the huge funds for its economic development. The ADB is, therefore, confronted with a crucial decision on the Chinese communist membership application affecting its future destiny.

CSO; 4000/132

TAIPEI PAPER ON ROK HANDLING OF HIJACKING

OW160929 Taipei CHINA POST in English 10 May 83 p 4

[Editorial: "Preliminary Solution of Mass Defection to Freedom"]

[Text] The mass defection to freedom by six passengers of a Chinese communist aviation plane to the Republic of Korea with their burning desire to come to the Republic of China has been initially solved by the Republic of Korea's civil aviation authorities.

The ROK authorities have reached agreement with the Chinese communist civil aviation officials on the return of the British Trident jetliner with its passengers and crewmen while the ROK Government will retain the six freedom-seekers who seized the plane in mid-air on its flight from Shenyang to Shanghai.

The decision was quickly reached by the ROK authorities after several conferences with Shen Tu and his 33-man delegation who went to South Korea at his own request to help settle the problem. But in reaching the agreement the ROK Government was also mindful of the urgent request of the Republic of China Government for paying full respect to the human rights and personal freedom of the freedom-seekers who seized the plane last Thursday to escape to freedom with the Republic of China as their final destination.

Thus the ROK Government's decision in retaining the six freedom-seekers, five men and one woman, was laudable in refusing the Chinese communist demand of returning them to the Chinese communist mainland as well. The ROC Government's stand as expressed by Minister of Foreign Affairs Chu Fu-sung and supported by Dr Ku Cheng-kang, honorary chairman of the World Anti-Communist League, have contributed much to the speedy settlement of this thorny case.

While the Ministry of Foreign Affairs took prompt action in discussing this case with the ROK Ambassador to the Republic of China Kim Chong-kon, the ROC ambassador to the Republic of Korea was instructed to urge the ROK Government to allow the six freedom-seekers to realize their desire to live in freedom.

Dr Ku Saturday sent urgent cables to the parliamentary leaders of the Republic of Korea headed by Speaker Chae Mun-sik stating that "the seizure of a Chinese communist civil airliner is a political matter involving people seeking freedom from communist oppression. In accordance with the spirit and practice

"of international law, the Hague Convention relating to hijacking cannot be applied to them. The Republic of Korea and the Republic of China enjoy long-abiding friendly relations and share a common ideal for freedom against communism. I trust that your government will maintain the principle of humanity and human rights, and will respect the wishes of the six freedom-seekers as well as the passengers on board the plane; and will assist them to reach their destination of freedom." Dr Ku concluded the cable by saying that "I hope that justice will be maintained and that those who seized the plane will not be deprived of their chance to gain freedom, impairing international justice and human freedom."

Other branches of the public opinion organs have also expressed their hopes for granting the six freedom-seekers their wishes to be repatriated to the Republic of China which has indeed become the "home of the free." The ROK Government's refusal to the Chinese communist demand of returning the freedom-seekers will go a long way to enhance the cause of freedom.

In this respect, the ROK authorities should ascertain the real wishes of the jetliner's passengers as to whether they would like to return to the Chinese mainland before permitting them to board the jetliner on its return trip. If they prefer to remain free in the Republic of Korea or the Republic of China, their wishes should also be granted.

The successful seizure of a civil aviation jetliner by the freedom-seekers has certainly proven the deterioration of the situation and especially civil aviation on the Chinese mainland. It provides ample proof of the burning desire of the Chinese air force's personnel and security guards to defect to freedom. For the latest plane seizure case could only succeed with the tacit agreement of the security guards on the jetliner. The fact that this is the first successful plane seizure case after many regrettable failures will certainly give encouragement to the other freedom-seeking heroes like Major Wu Jung-ken, who defected to freedom with his MIG-19 jet fighter last September.

We hope we will soon welcome the six freedom seekers to the Republic of China as heroes.

CSO: 4000/132



INFORMATION OFFICE HEAD CONCLUDES JAPAN TOUR

OW161439 Taipei CNA in English 0943 GMT 16 May 83

[Text] Tokyo, 15 May (CNA)--James Soong, director-general of the Government Information Office, left Tokyo late Sunday afternoon for Taipei, winding up his 10-day tour of Tokyo, Hokkaido and Tohoku.

He was seen off at the airport by representative Ma Soolay of the East Asia Relations Association, who hosted a farewell lunch earlier Sunday noon for him at the American Club here to meet the Chinese press corps in Tokyo.

Soong described his visit to Japan this time as "meaningful and educational," having established lasting personal relations with the younger generation of leaders of the ruling Liberal Democratic Party. He also had reunion with publishers and senior editors of many major Japanese press media both in Tokyo and Hokkaido who had visited Taipei before.

Soong arrived in Tokyo last Wednesday and attended a dinner together with Deputy Party Secretary-General Chen Li-an to meet 20 Diet members who are generally recognized as new and younger leaders of the ruling party.

In Tokyo he met foreign news editors of all major papers in Japan at a breakfast meeting and exchanged views with them on significant issues for the hours. He took advantage of the occasion to make public as the ROC Government spokesman the position of Taipei on the "hijack" incident.

Soong stressed on the occasion that as far as the ROC Government was concerned, it was erroneous to treat the incident as "hijack," because the freedom seekers engaged in no terrorism, holding up no hostages and demanding no money.

On his trip to Hokkaido, Soong met the president of the KUSHIRO SHIMBUN, deputy mayor of Nemuro City, managing director of the HOKKAIDO SHIMBUN, president of the Hokkai TIMES, president of the HOKKAIDO Television, secretary general of the governor of Hokkaido, deputy chairman of Sapporo Chamber of Commerce, board chairman of the powerful daily in Sendai city of Tohoku, and managing director of the Taiwan Trade Association in Hokkaido. The visit to Hokkaido by the ROC Government spokesman was prominently reported by all major papers in Hokkaido during his tour there.

#### BRIEFS

BRAZILIAN TRADE MISSION ARRIVES--Taipei, 3 May (CNA)--A trade mission from the Republic of Brazil, led by Brazilian Senator Milton Cabrtal, arrived in Taipei Tuesday morning. This is the first private trade group to visit the Republic of China since Brazil severed diplomatic ties with this nation in 1973. The 12-member trade mission is composed of representatives of Brazilian Industrial Federation and some scholars and trade specialists. During their stay here, they will visit the China External Trade Development Council, exchange views with Chinese traders and tour various cultural and economic establishments in the nation. [Text] [OW031247 Taipei CNA in English 0932 GMT 3 May 83]

LUXEMBOURG TRADE MISSION ENDS--Taipei, 3 May (CNA)--Luxembourg's Christian Socialist Party delegation, led by Jean Spautz, chairman of the party and minister of the interior, family, housing and social solidarity, left Taipei Monday, winding up its 7-day visit to the Republic of China. Arriving on 26 April, the eight-member group has called on Premier Sun Yun-hsuan, Foreign Minister Chu Fu-sung, Secretary General of the Central Committee of the Kuomintang Tsiang Yien-si and other high-ranking officials during their stay. They also visited cultural and economic establishments. Last Friday, Spautz and his party took part in a conference held at the offices of the Euro-Asia trade organization, to exchange views with industrial and trade leaders here on ways to promote bilateral cooperation in industry, investment, finance and steel production. [Text] [OW031249 Taipei CNA in English 0934 GMT 3 May 83]

PAN AM APPLICATION APPROVED--Taipei, 13 May (CNA)--The Ministry of Communications approved Friday the application filed by Pan American Airways to resume regular air service to Taiwan. The Ministry of Communications has informed Pan Am through Coordination Council for North American Affairs (CCNAA) and American Institute in Taiwan. Pan Am is expected to offer three weekly flights between Taiwan and the United States via Tokyo after it resumes its air service on 14 June. Pan American in 1978 became the first U.S. airline to conduct passenger service to Peiping. Prior to the establishment to its Peiping route, the U.S. flag carrier had conducted regular air service to Taipei. [Text] [OW131405 Taipei CNA in English 1348 GMT 13 May 83]